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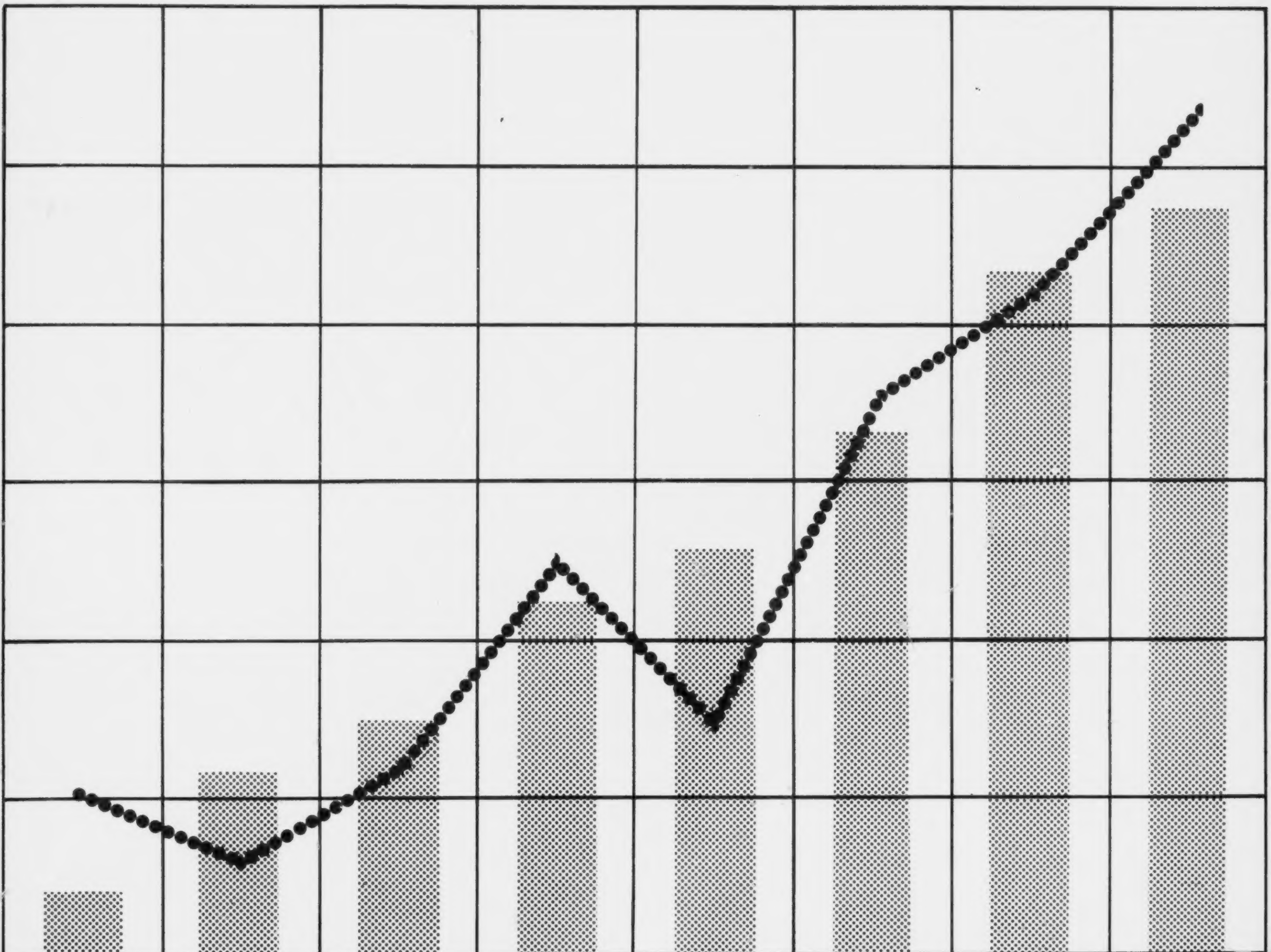
California Economic Indicators

December - 1980



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INTRODUCTION

California Economic Indicators, patterned after the Census Bureau publication *Business Conditions Digest*, is a bi-monthly summary of economic data relating to California. In addition to basic statistical compilations, charts showing monthly and quarterly series from 1969 are included to facilitate review of current developments and appraisal of their significance on the state's economy.

The charts show the movements of various leading, roughly coincident, and other series. Reference dates for the business cycles, indicated by shaded bands, are those determined for the national economy by the National Bureau of Economic Research. These are shown at the back of the publication.

Chart data have been seasonally adjusted by the source agency or the Department of Finance.

A chronology of significant economic, political, and other events which affect the national and state economies is included. Current developments in California over the most recent months are reviewed in a brief text, and are summarized in a table of current data which includes percentage changes over the same period of the previous year. Finally, sources are cited from which further detail on the various statistical series published can be obtained. Much of the material will remain the same from month to month. However, when possible, new data and analytical measures will be incorporated.

In January 1978, the Department of Economic and Business Development was established to serve as the primary state agency for encouraging and assisting economic development and job creation efforts in California. The Department carries out a wide range of activities designed to stimulate the state's economy. These activities include: (1) assisting business in locating and expanding in California; (2) stimulating the export of California products; (3) encouraging the growth of tourism; (4) providing assistance for small business; (5) assisting local agencies in formulating economic development programs; and (6) analyzing the impact of various programs and policies that affect the economy of the State.

The Department will be making contributions to this publication and will provide additional information on economic opportunity in California on request. Correspondence should be addressed to: Department of Economic and Business Development, 1120 N Street, Sacramento, California 95814.

The Department of Finance will welcome comments and suggestions on additional series or other modifications which will make the *Indicators* a more useful publication. Correspondence should be addressed to: Department of Finance, Financial Research Section, 1025 P Street, Sacramento, California 95814.

Subscriptions to the Indicators: $5 per year, beginning with the April issue. Send checks to Department of Finance, P.O. Box 151, Sacramento, California 95814.

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REVIEW OF ECONOMIC DEVELOPMENTS

The California economy showed signs of mild growth during October and November. Improvements occurred in employment, hours and earnings, trade, raw material output, and consumer prices. The gains are particularly encouraging given rising interest rates nationally, although the increasing cost of borrowing money did hurt construction, and is expected to be a drag on the economy into 1981.

Seasonally adjusted labor force statistics changed markedly in December. The statewide unemployment rate fell 0.9 percent from the previous month (versus a 0.1 percent decline nationally.) Labor force growth slowed by over 160,000, and the number of persons unemployed decreased by 115,000. A monthly change in the labor force of these magnitudes should, however, be taken with caution. It is too early to tell whether problems existed with the surveying, or if there were some extraordinary circumstances. What is known, is that the overwhelming share of the changes occurred in the Los Angeles area. The fact that the number of new entrants into the labor force is down significantly suggests that workers may be discouraged about employment opportunities. As noted, employment and unemployment data for additional months will be needed before firm conclusions can be made concerning the December labor force changes.

In contrast to the dramatic drop in December, unemployment during October and November had been rising. At the same time, the gap between the U.S. and State unemployment rates was also narrowing. In November, the California rate was only 0.1 percent lower than for the Nation, down from 0.6 and 0.9 percent spreads in September and October, respectively.

Nonagricultural wage and salary employment increased in every sector during November, except trade and state and local government. However, the gains were generally quite small. Most of the jump in the total since October was the result of about 40,000 motion picture and television workers returning to work. Despite the growth in total nonagricultural employment, current levels are slightly below levels of a year ago and significantly below the pre-recession peak of 9,964,200. (All nonagricultural employment data, including the numbers of the California Economic Factors table, represent the Interim Benchmark Series prepared by the Employment Development Department.)

Construction activity has been slowed by the rising interest rates. Housing units authorized by permits fell from a seasonally adjusted annual rate of 207,000 units in September to 180,000 and 150,000 units, in October and November, respectively. While some of the reduction merely reflected the end of authorizations related to Federal funding, most of the changes were due to tightening credit conditions. Residential valuations showed similar trends. The September 1980 seasonally adjusted value of $1.1 billion was a high for the year, but was followed by levels of $950 million and $820 million in October and November, respectively. The strength of these latest two months is in part due to rising home prices.

Nonresidential construction continued to be surprisingly strong during October and November, as seasonally adjusted valuation totaled $796 million and $694 million. Rather than slackening slightly, as might be expected given interest rate developments, such activity has actually gained some strength. Current industrial and commercial demand for space, and a view toward future needs, seems to be supporting nonresidential construction.

Consumer price rises have continued to slow. On a year-over-year basis, the increases in the Los Angeles and San Diego CPIs during November were 14.0 and 12.6 percent. These gains can be contrasted to rates in excess of 16 percent during the first half of 1980. The California CPI rise during October was 13.8 percent on a year-over-year basis, also an improvement over earlier months. Much of the slowing in the CPI was attributable to the housing and energy components.

CURRENT DATA ON CALIFORNIA ECONOMIC FACTORS
(Not Adjusted for Seasonal Variation, Unless Otherwise Noted)

	1980				1979		Percent Change Nov. 1979-Nov. 1980
	November	October	September	August	November	October	
Employment[a]							
Civilian employment (000)	10,486	10,437	10,441	10,544	10,458	10,425	0.3
Unemployment (000)	843	806	776	827	677	698	24.5
Unemployment rate	7.4	7.2	6.9	7.3	6.1	6.3	--
Nonagricultural wage and salary employment (000)	9,830.2	9,779.9	9,758.5	9,769.2	9,863.0	9,801.2	-0.3
Mining	43.1	42.8	42.1	43.0	40.1	40.0	7.5
Construction	412.9	410.5	419.5	417.4	478.6	470.8	-13.7
Manufacturing	2,008.3	1,998.0	1,969.4	1,973.8	2,037.8	2,027.0	-1.4
Aerospace[c]	623.9	620.9	619.8	621.3	603.6	597.5	3.4
Transportation--communications public utilities	542.4	540.3	541.0	543.2	545.6	545.0	-0.6
Trade	2,271.3	2,272.9	2,272.5	2,270.0	2,280.9	2,255.4	-0.4
Finance--insurance--real estate	626.2	625.4	623.5	621.2	609.3	606.4	2.8
Services	2,175.5	2,131.3	2,119.6	2,121.3	2,127.3	2,118.4	2.3
Government	1,750.5	1,758.7	1,770.9	1,779.3	1,743.4	1,738.2	0.4
Federal	323.5	321.6	320.3	318.4	320.2	318.8	1.0
State and local	1,427.0	1,437.1	1,450.6	1,460.9	1,423.2	1,419.4	0.3
Hours and Earnings, Manufacturing							
Average weekly hours	40.0	39.4	39.7	39.5	40.2	40.1	-0.5
Average weekly earnings	$320.00	$311.65	$314.42	$310.08	$292.25	$288.72	9.5
Average hourly earnings	$8.00	$7.91	$7.92	$7.85	$7.27	$7.20	10.0
Index of Leading Indicators	n.a.	128.5	128.8	125.1	130.7	130.7	--
Trade							
Retail sales (millions)	n.a.	9,044	8,683	9,114	8,799	8,659	--
New auto registrations (number)	n.a.	n.a.	70,750	69,375	81,949	92,642	--
Business							
Business failures (number)	n.a.	n.a.	169	177	94	148	--
Business liabilities (000)	n.a.	n.a.	$36,803	$39,947	$27,569	$167,548	--
New incorporations (number)	4,285	5,995	4,745	5,021	4,549	5,385	-5.8
Consumer Price Index, all items[d]							
California average (1967=100)	--	254.6	--	250.7	--	223.8	--
San Francisco (1967=100)	--	251.9	--	251.0	--	221.5	--
Los Angeles (1967=100)	255.5	252.6	249.6	247.3	224.2	221.8	14.0
San Diego (1967=100)	279.1	--	271.8	--	247.8	--	12.6
Output							
Petroleum production (000 barrels daily)	n.a.	990.7	984.8	980.4	967.8	963.9	--
Cement production (000 short tons)	n.a.	n.a.	758.9	724.7	822.4	911.5	--
Raw steel production (000 net tons)	n.a.	209.6	191.3	176.0	276.9	325.6	--
Lumber shipments (mil. FBM)	n.a.	71.8	75.3	73.0	54.7	79.1	--
Construction							
Private residential housing units authorized (number)	11,235	14,997	15,604	13,069	13,984	19,357	-19.7
Nonresidential building authorized, valuation (000)	$605,148	$786,857	$664,823	$539,301	$557,156	$797,758	8.6

[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end.

[c] Interim series does not give a detailed breakdown of manufacturing for aerospace employment. This value is from the EDD official employment series.

[d] All urban series.

p Preliminary estimate.

n.a. Not available

THE ECONOMIC OUTLOOK FOR 1981

This special section to the Indicators summarizes the economic outlook for the State and the Nation during 1981 and 1982. The forecasts presented were originally prepared for the 1981-82 Governor's Budget.

The Nation

In retrospect, it appears that the Nation was on a gradual downward path during the first months of 1980. The credit restrictions which were instituted in March, however, accelerated that path and led to one of the sharpest declines in economic activity ever recorded. Real output plunged at a 9.9 percent annual rate during the second quarter as consumers and business reduced spending sharply, repaid outstanding debts and refused to commit themselves to new debt.

In the third quarter of last year interest rates fell precipitously. The prime rate and mortgage rates reached lows of about 11 percent late in July. The consumer returned with an improved debt position and a renewed confidence that the worst was over. During the final quarter economic gains accelerated with employment and income staging a strong, and more or less typical, post-recession recovery.

These developments do not necessarily indicate, however, that the Nation is on a steady course of expansion. The money supply grew at an excessive pace from the end of July to the middle of November. The Federal Reserve Board (FRB) altered its course to correct this situation, as two increases in the discount rate were announced between November 17 and December 5. A three percent surcharge was applied to banks which were frequent borrowers from the FRB. The effect of these moves was to boost interest rates sharply. By the middle of December the prime had set an all-time high of 21 percent.

The future trend of interest rates will be a major factor affecting the economy over the next few quarters. The fact that rates have gone to excessive levels suggests that a more rapid drop will take place, with the prime settling at the 14-1/2 to 15-1/2 percent level by the end of the first quarter. The negative impact of the current rates, however, may well carry over into the first few months of 1981, resulting in a somewhat lower level of economic activity for the next six months.

National policies are an additional important factor affecting the outlook. The President-elect may undertake a variety of actions to curb inflation, such as implementing drastic budget acts to reduce the Federal deficit. In general, the more forceful the actions taken, the weaker the short-term outlook, although longer range prospects will improve considerably.

The economic forecast for 1981 assumes that there will be little change in real growth during the first quarter, and that only moderate gains will occur in subsequent quarters. Employment should increase, but the unemployment rate will also edge up, as is typical in the first post-recession year.

Consumers will be making only minor gains in real income during the coming year. When income per capita is deflated by the personal consumption expenditures deflator (a measure which takes actual spending patterns into account) it appears that a gain of 1 percent was recorded during 1980. It is likely that gains in 1981 will remain about this level and that more rapid growth (2 to 3 percent) will not be achieved until 1982. The consumer will therefore not be a strong source of support for the economy for some time.

There is a high level of pent-up demand for housing, but that demand will not be translated into home purchases as long as interest rates remain high and housing prices continue to accelerate. Auto sales will not be helped by the fact that the average new car is now priced at about $10,000. The consumer will be a bit more cautious for the next year-and-a-half given the economic uncertainties which exist.

An increase in real defense spending was anticipated in line with President-elect Reagan's campaign statements. It was assumed that nondefense spending would be selectively cut back in the effort to reduce the size of the Federal budget deficity gradually. An $18 billion tax cut for business--through accelerated depreciation--was incorporated in the forecast effective January 1, 1981. A comparable cut for consumers has also been built in effective July 1 of this year.

The one area for which there is a fair degree of certainty is inflation. Given current government policies there is a little chance that the inflation rate for 1981, as measured by the consumer price index (CPI), will fall below the double digit level for the year as a whole. Food prices, for instance, are expected to increase about 12 percent. Gasoline prices will be up by another 15 percent, reflecting recent increases in crude oil prices. Mortgage rates are also driving up the CPI. When they begin to decline in the Spring they will hold down increases in the index temporarily. In terms of the broadest measure of inflation in the economy, the gross national product deflator, gains will be roughly 9-1/2 percent. Inflation will therefore remain a persistent problem, unless the new Administration adopts stringent long-term policies.

A further complicating situation to the outlook is the release of a major data revision on the U.S. economy at the end of December. This revision, which arrived too late to be incorporated into the forecast, effectively altered perceptions of what had gone on during the past year. The recession, for instance, was slightly more severe than previously thought; the recovery during the third quarter was stronger. Presumably the fourth quarter will be higher than anticipated two months ago.

California

There is a higher degree of confidence in the outlook for California. In general, California slightly outperformed the U.S. during 1980. Employment and income gains were higher, and the unemployment rate remained below the U.S. average for almost the entire year. This is the first prolonged period in the last three decades that the jobless rate for the State has remained lower than the national level.

California traditionally does better than the rest of the country during a recession. The State has less primary or heavy industry which is traditionally impacted sharply by economic downturns. Employment here is more heavily oriented to services, trade, and government activities, all of which are less effected by a slump.

Two situations in particular tended to distort economic data for California during the past year. The mid-year labor dispute in the construction industry was unusually large, involving approximately 50,000 workers. Unsettled conditions in the TV-movie industry, from the end of July to the middle of October, resulted in a sharp curtailment in service employment. Had these two developments not occurred, California employment would have looked better.

During the next two years California is again expected to outperform the Nation. Employment should be up approximately 2-1/2 percent in 1981, with relatively strong gains in construction, manufacturing and services. Personal income is likely to grow by about 12 percent.

The only negative aspect to the outlook relates to housing. Most of California has severe shortages at the present time. A strong backlogged demand exists for both owned and rented units. Interest rates will deter many potential homebuyers and builders. Down payments are a impediment to many individuals, particularly first time buyers. Creative financing plans, such as adjustable rate mortgages offered by some financial institutions, are one means of making housing more affordable, but even these are unlikely to be effective in satisfying much of the basic demand which exists.

STANDARD BUDGET FORECAST, SELECTED DATA, 1979-82

UNITED STATES (Dollar amounts in billions)	1979 (Actual)	1980 (Estimated)	1981		1982	
			Amount	Percent Change	Amount	Percent Change
Real gross national product (1972 dollars)	$1,431.6	$1,421.1	$1,439.5	1.3	$1,499.4	4.2
Personal consumption expenditures	924.5	924.9	948.3	2.5	983.8	3.7
Gross private domestic investment	215.2	188.1	195.8	4.1	217.8	11.2
Net exports	17.6	28.0	15.5	--	14.0	--
Government purchases of goods and services	274.3	280.1	279.9	-0.1	283.8	1.4
Gross national product (current dollars)	2,368.8	2,571.4	2,851.7	10.9	3,196.1	12.1
GNP deflator (1972=100)	165.5	180.9	198.1	9.4	213.2	7.6
Personal income	1,924.2	2,122.1	2,343.2	10.4	2,610.3	11.4
Corporate profits, pre-tax	236.6	230.2	255.7	11.1	283.6	10.9
Wage and salary employment (thousands)	89,888	90,581	91,471	1.0	93,885	2.6
Housing starts (thousands)	1,721.9	1,277.4	1,365.2	6.9	1,622.7	18.9
New car rates (millions)	10.7	9.0	9.7	7.4	10.5	8.4
Consumer price index (1967=100)	217.4	246.9	272.9	10.5	297.8	9.1
CALIFORNIA DATA						
Wage and salary employment (thousands)	9,679.4	9,844	10,085	2.4	10,456	3.7
Mining	39.5	42	43	0.8	44	1.8
Construction	463.8	432	430	-0.3	445	3.4
Manufacturing	2,004.4	2,006	2,039	1.6	2,097	2.9
Transportation-utilities	535.6	544	561	3.1	571	1.8
Trade	2,232.4	2,277	2,347	3.1	2,456	4.6
Finance-insurance-real estate	595.3	622	635	2.1	658	3.6
Services	2,079.5	2,158	2,261	4.8	2,407	6.4
Government	1,728.9	1,762	1,768	0.3	1,778	0.6
Civilian labor force (thousands)	10,968.9	11,195	11,675	4.3	12,115	3.8
Employment	10,285.6	10,432	10,897	4.5	11,378	4.4
Unemployment	683.3	763	778	2.0	736	-5.4
Rate	6.2	6.8	6.7	--	6.1	--
Personal income (millions of dollars)	228,017	256,574	287,205	11.9	321,800	12.0
Wages and salaries	144,541	160,303	178,036	11.1	199,174	11.9
Corporate profits pre-tax (millions of dollars)	25,300.0	26,600	29,700	11.7	33,100	11.4
New auto sales (thousands)	1,127.1	950	975	2.6	1,060	8.7
Housing units authorized (thousands)	208.2	140	175	25.0	215	22.9
Consumer price index (1967=100)	215.9	249.9	278.4	11.4	304.5	9.4

NOTE: Percentage changes calculated on unrounded data.

ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data for most series are plotted monthly. Quarterly series are identified following the series title on the chart.

The Arabic numeral in the right hand corner of each graph indicates the latest month for which the data are plotted (e.g.: 7 = July).

Roman numerals indicate the latest quarter for which data are plotted (III = third quarter).

TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

Taxable Sales

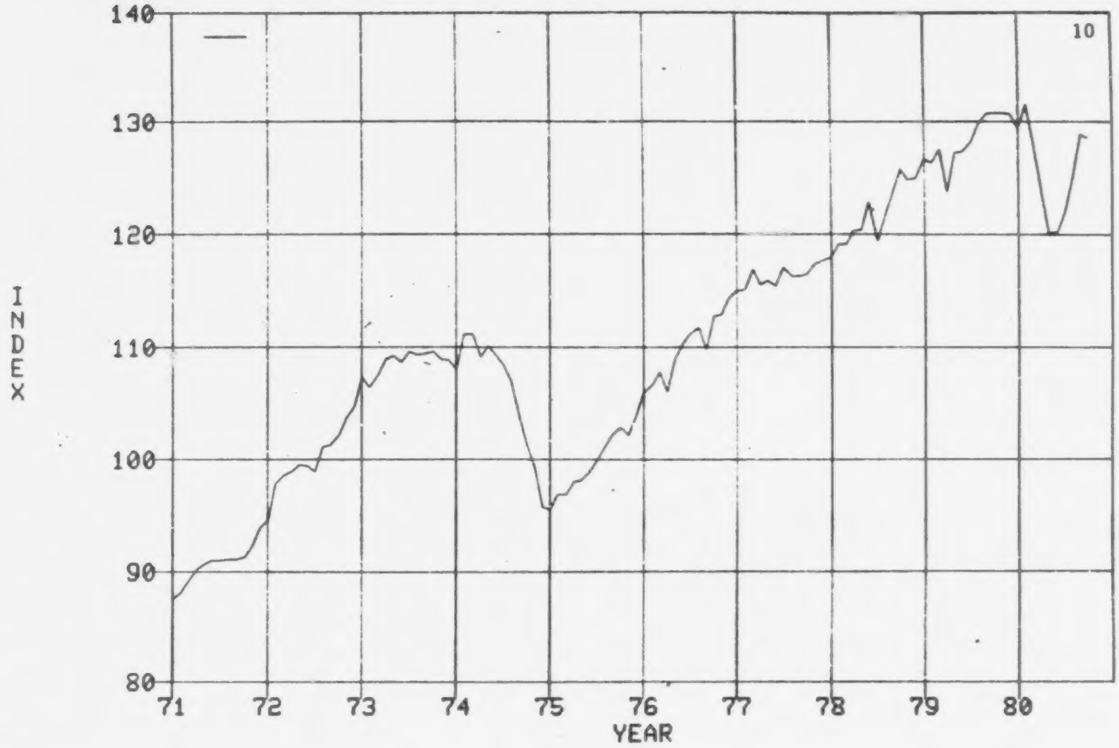
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

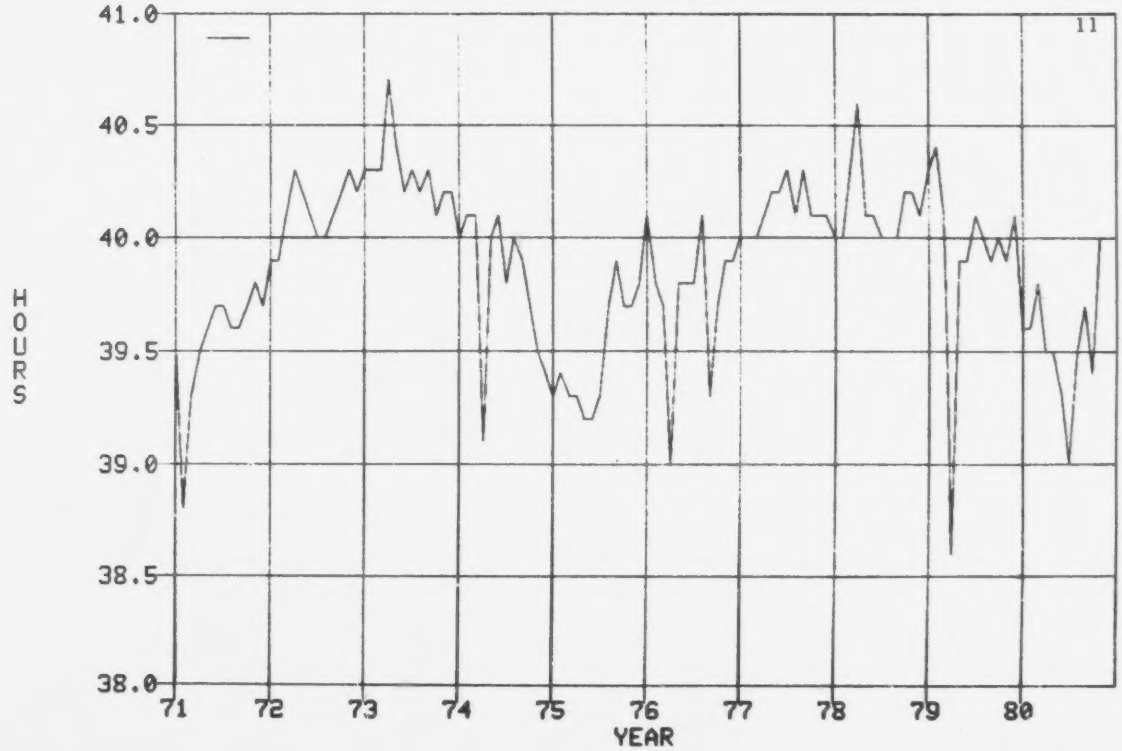
Standard Abbreviations

n.a.	Not available	p	Preliminary
e	Estimate	r	Revised

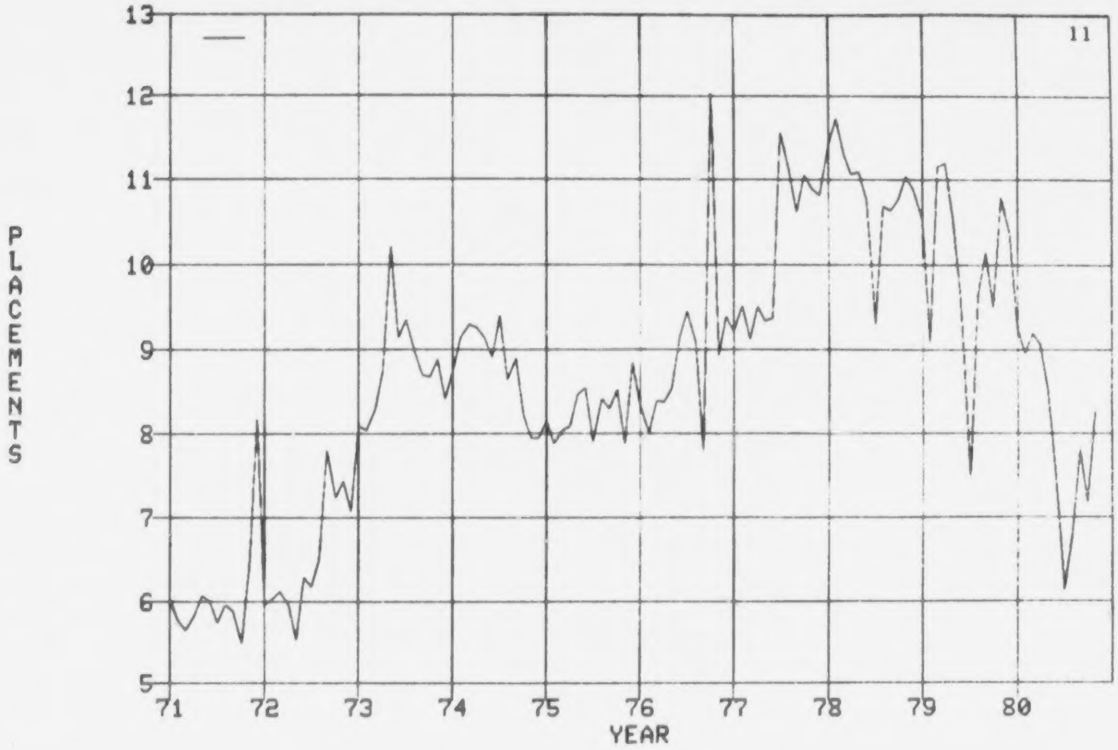
INDEX OF LEADING INDICATORS (1972=100)



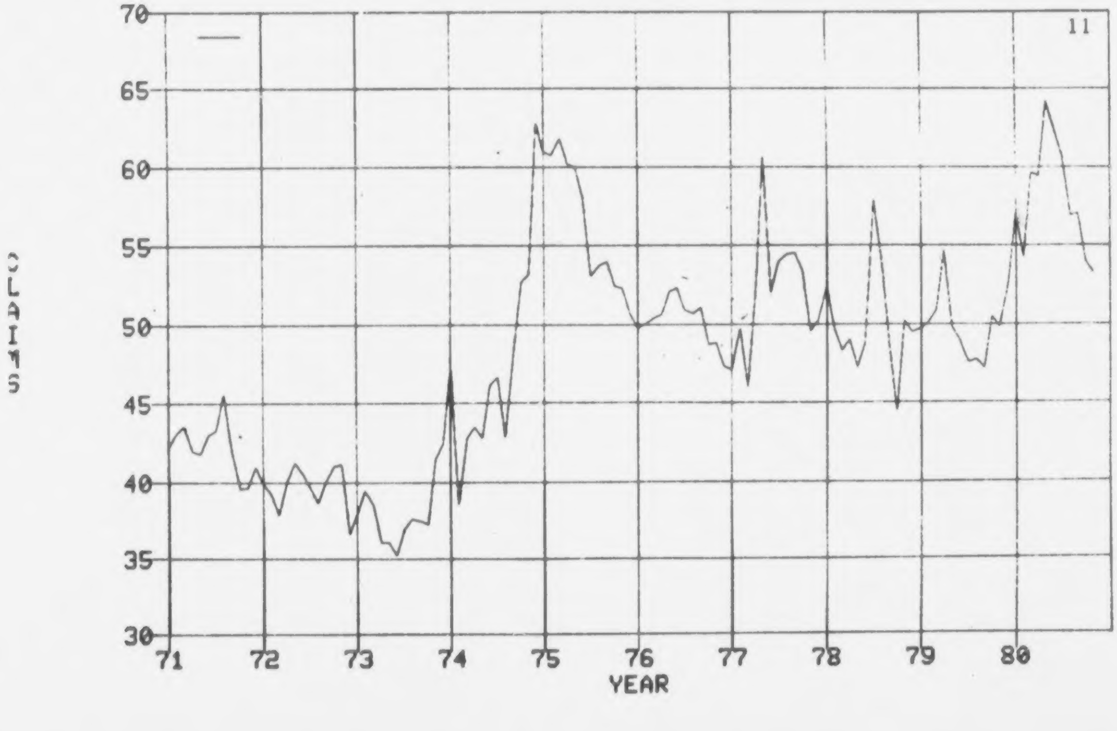
AVERAGE WEEKLY HOURS, MANUFACTURING

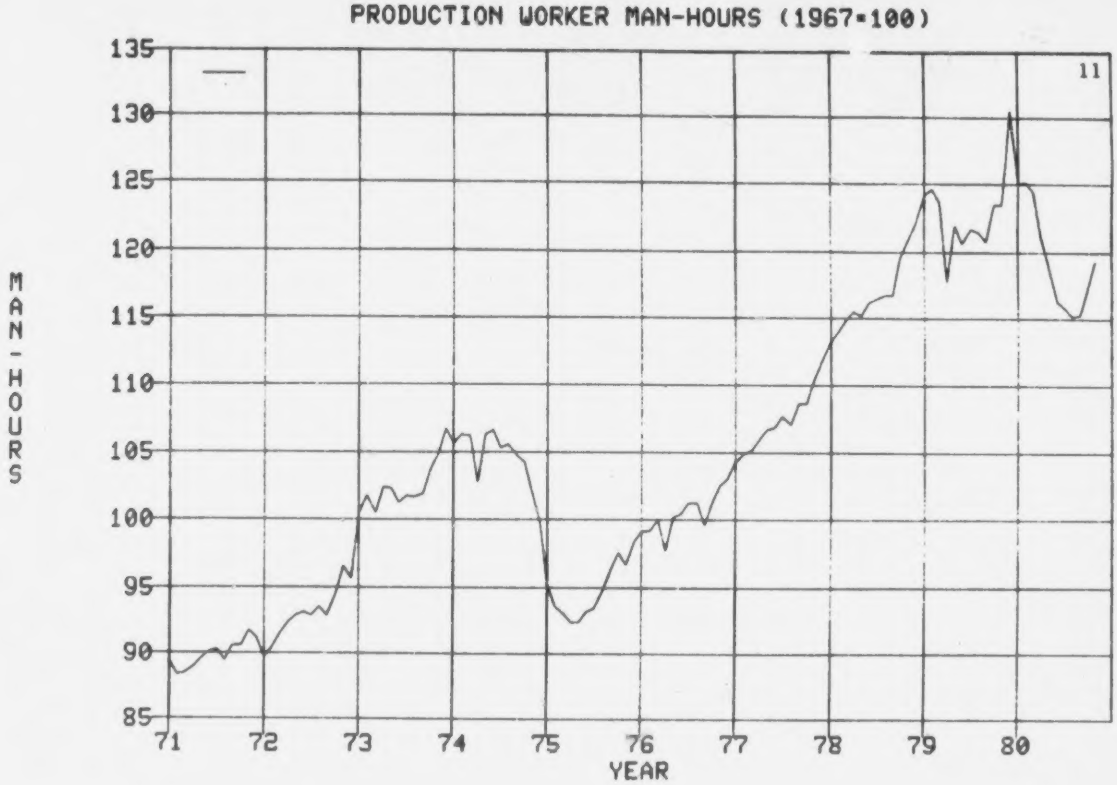


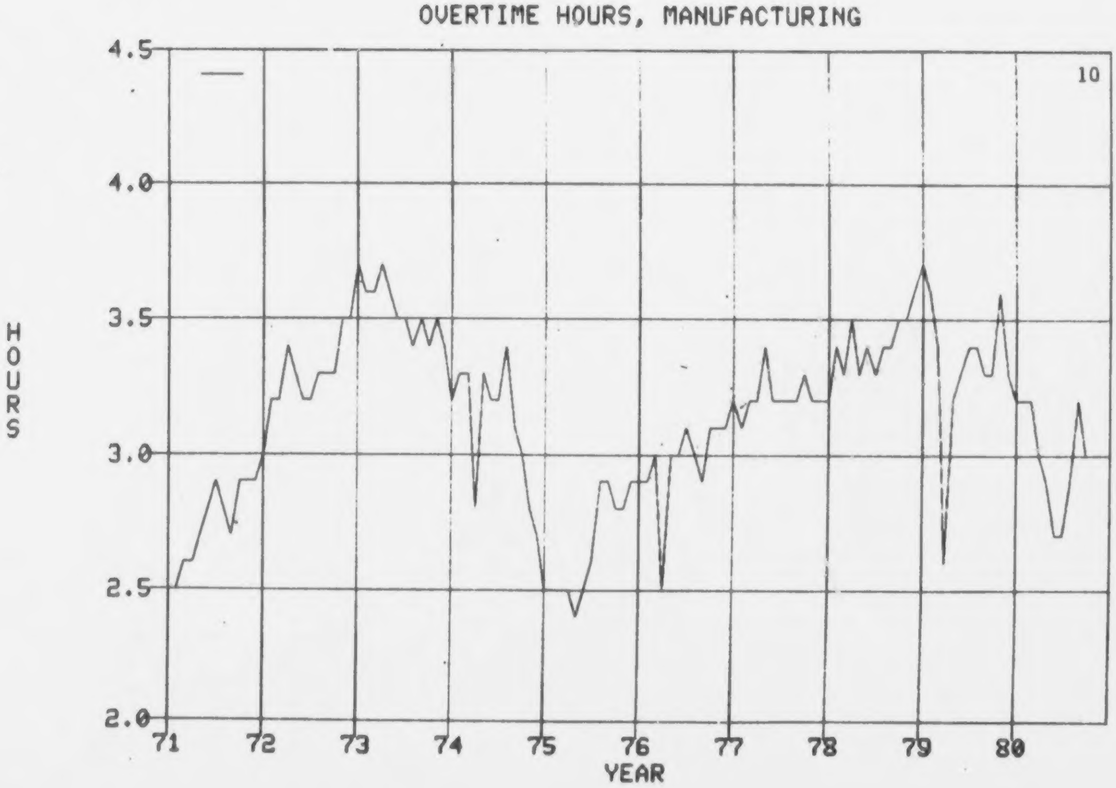
NONAGRICULTURAL PLACEMENTS, WEEKLY AVERAGE (IN THOUSANDS)



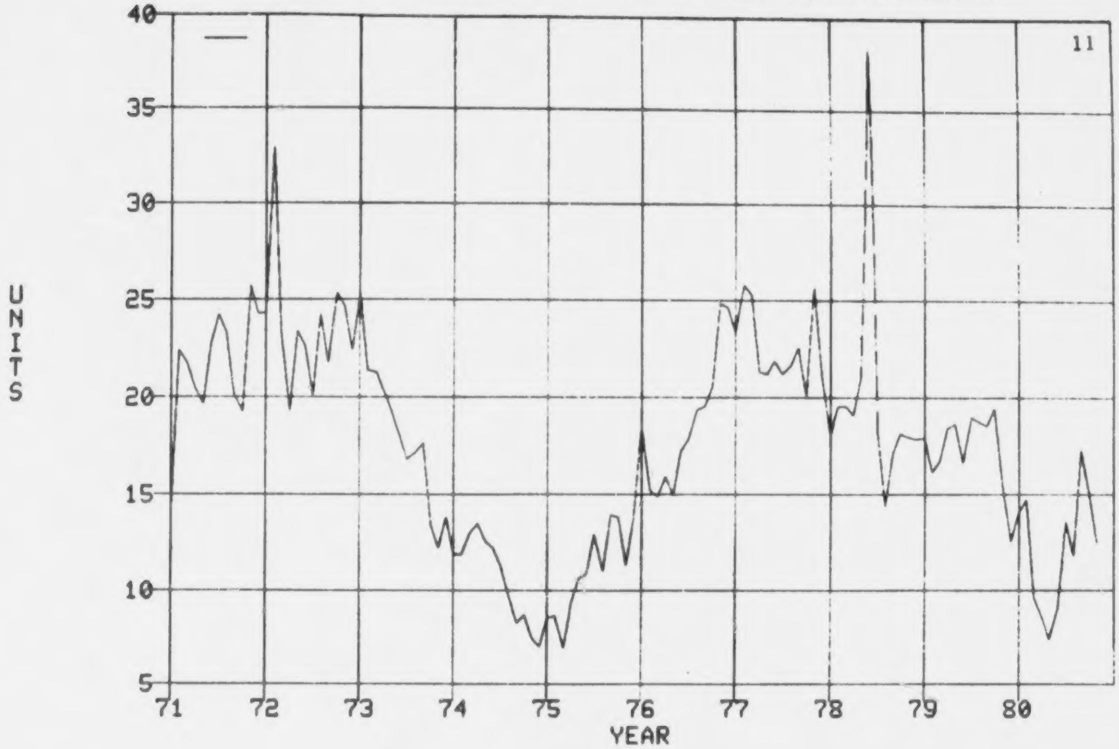
INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE, WEEKLY AVERAGE (IN THOUSANDS)



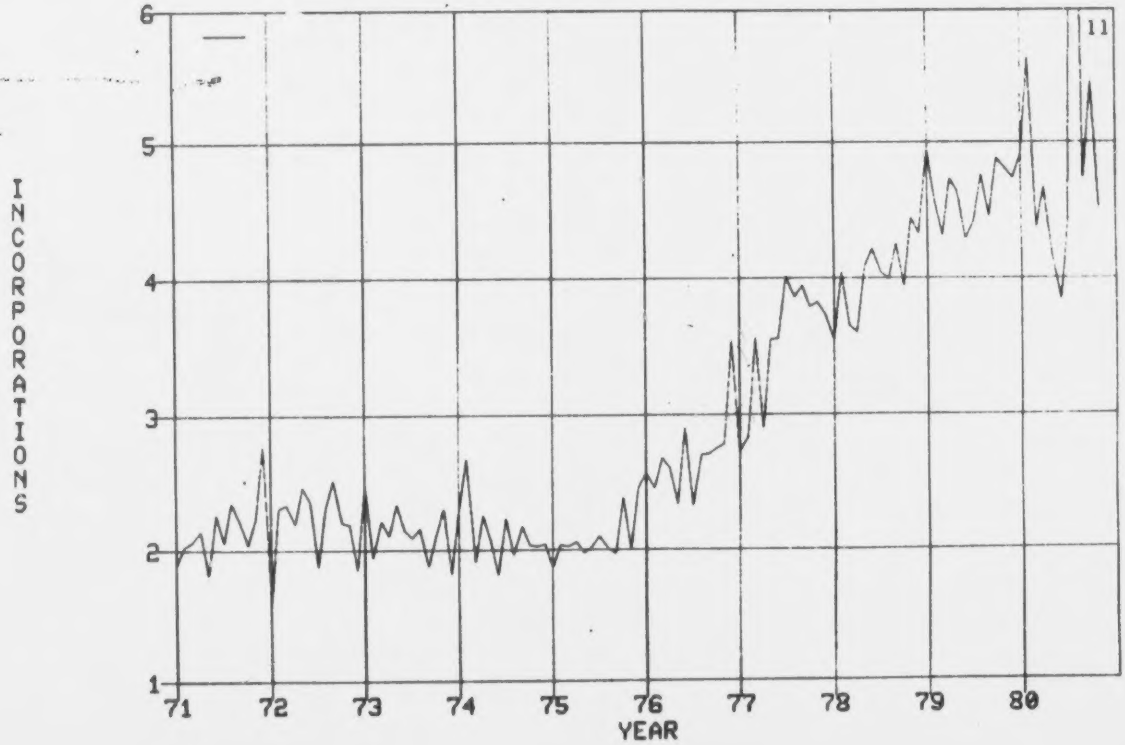

PRODUCTION WORKER MAN-HOURS (1967=100)


OVERTIME HOURS, MANUFACTURING

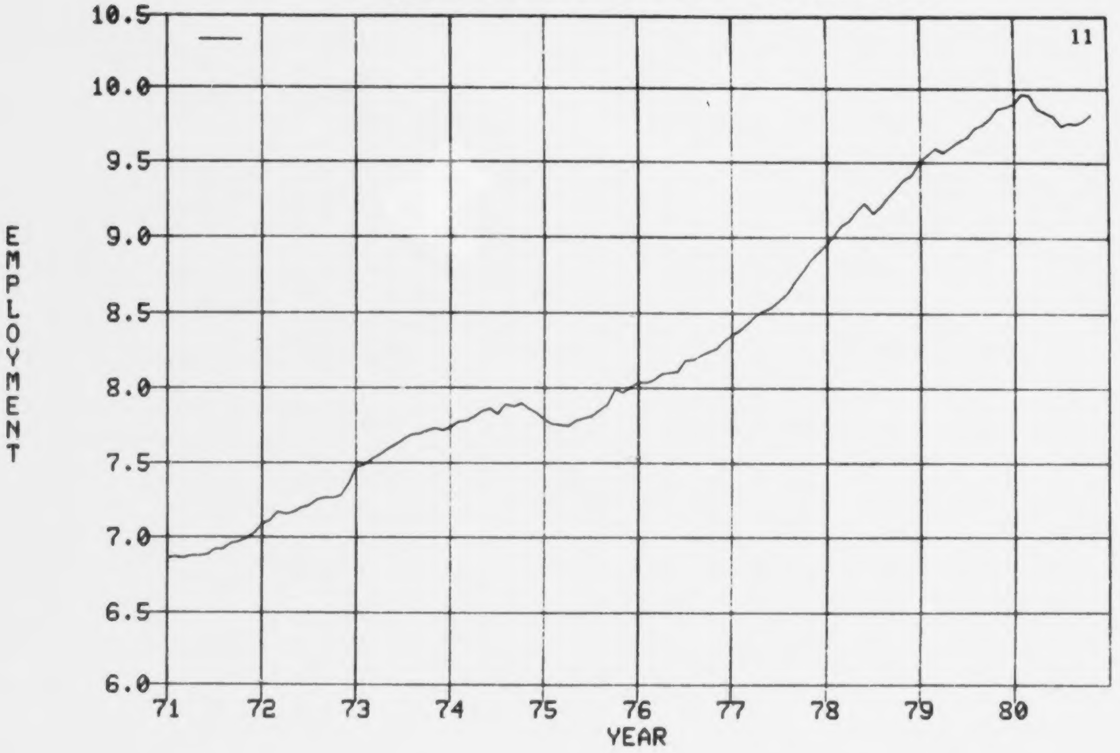
PRIVATE HOUSING UNITS AUTHORIZED (IN THOUSANDS)



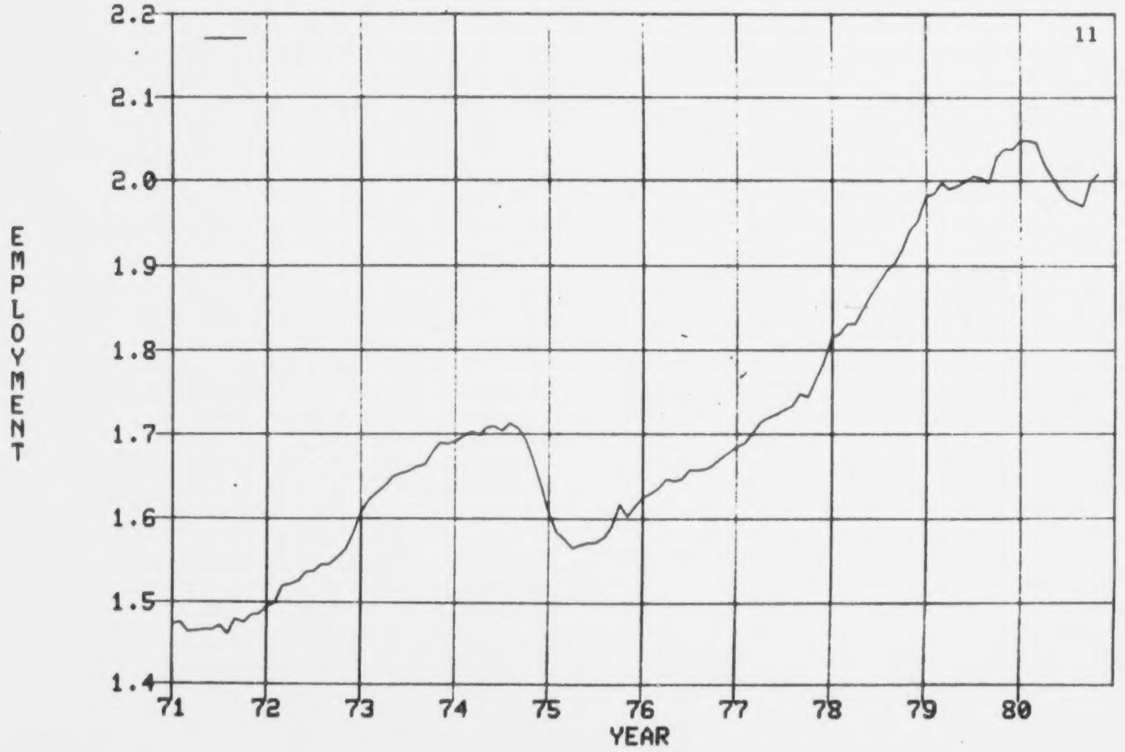
NEW BUSINESS INCORPORATIONS (IN THOUSANDS)

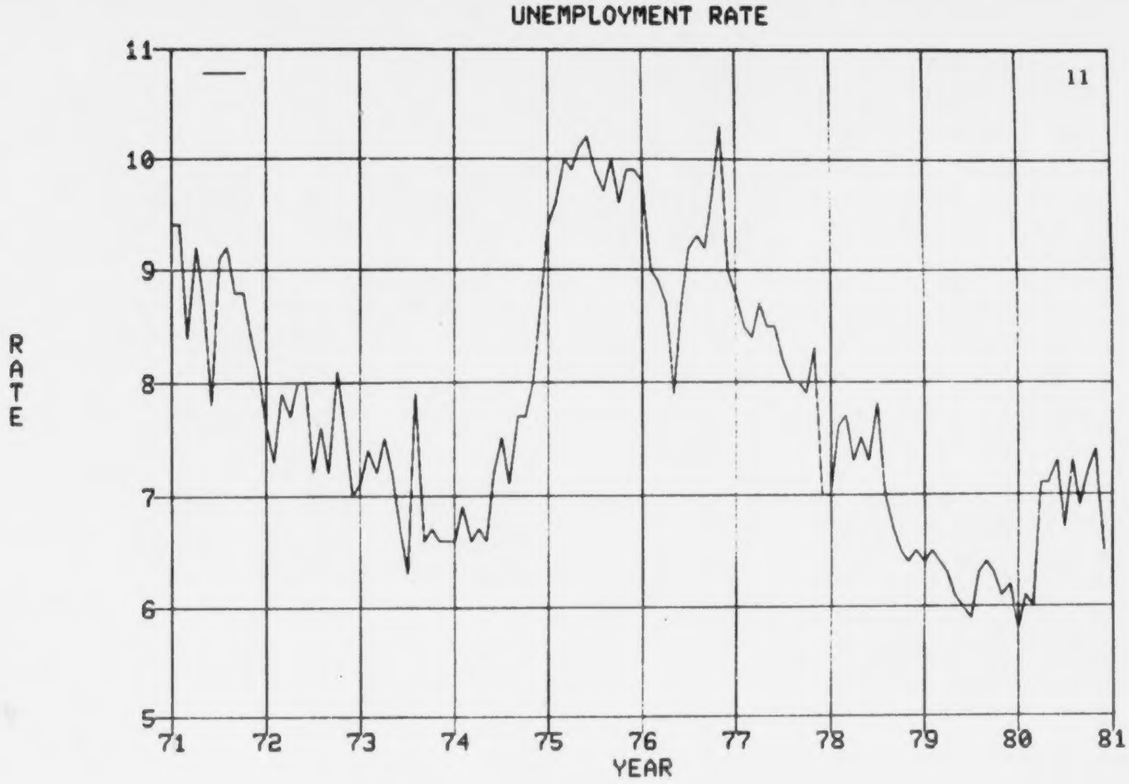


NONAGRICULTURAL EMPLOYMENT (IN MILLIONS)



MANUFACTURING EMPLOYMENT (IN MILLIONS)




UNEMPLOYMENT RATE
11
10
9
8
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6
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RATE
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72
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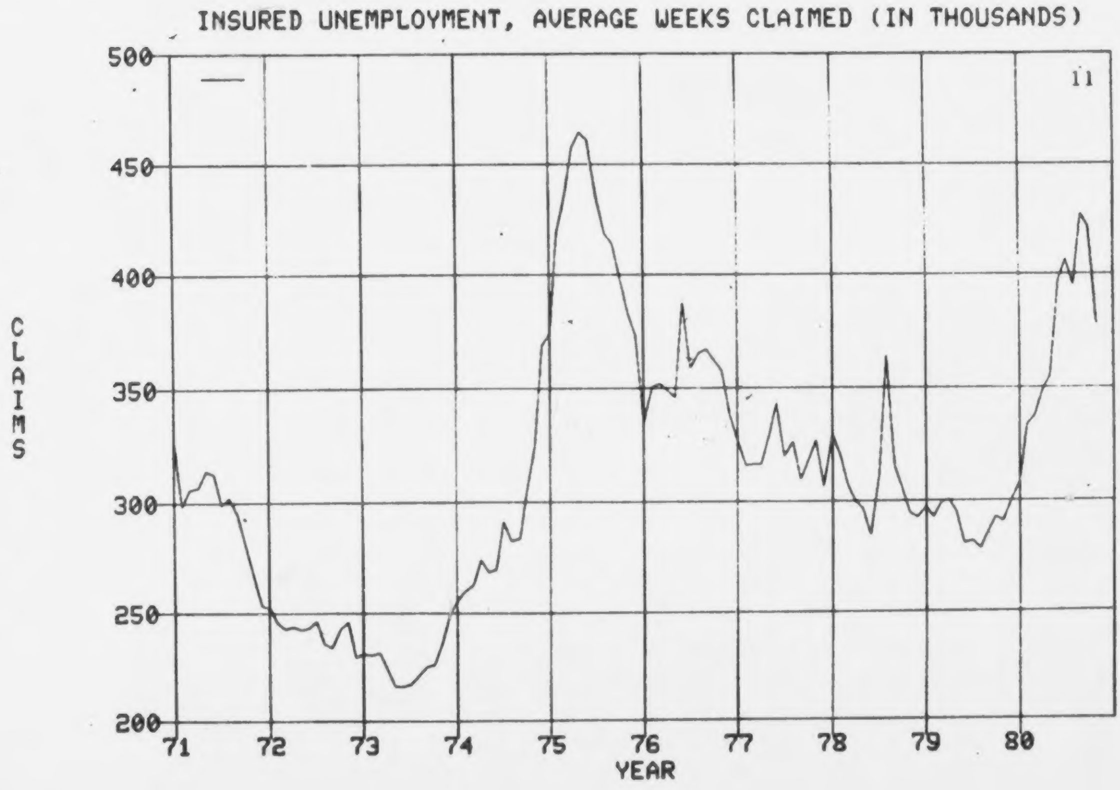
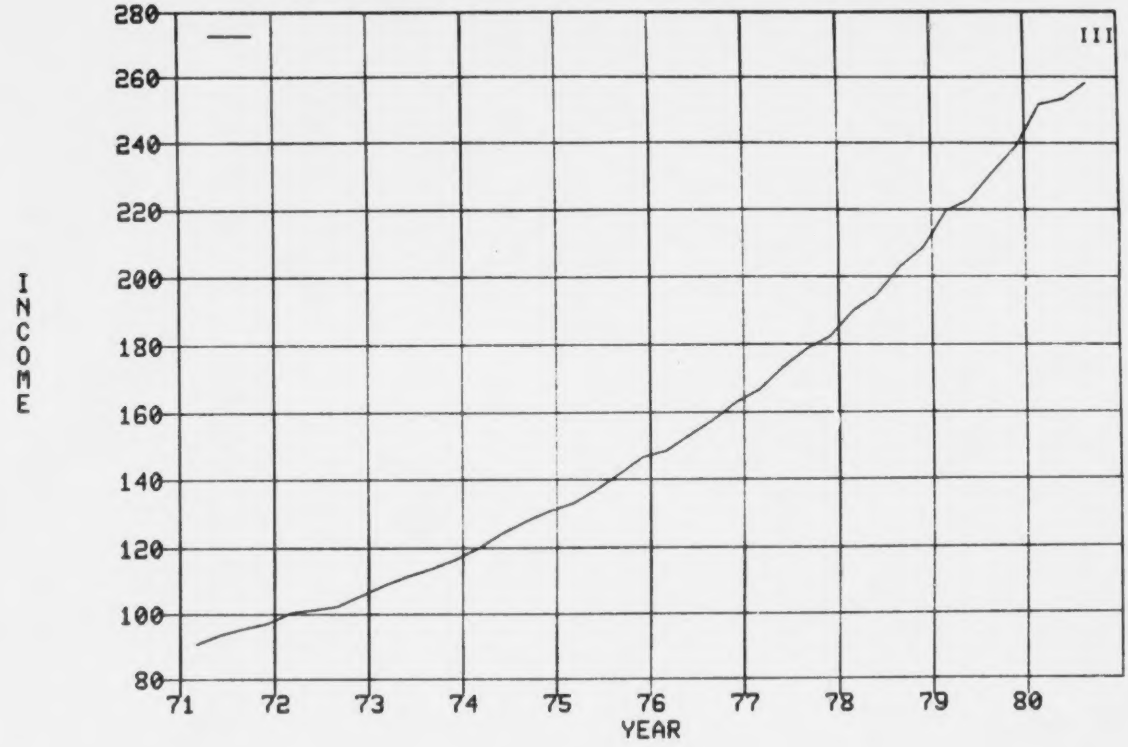
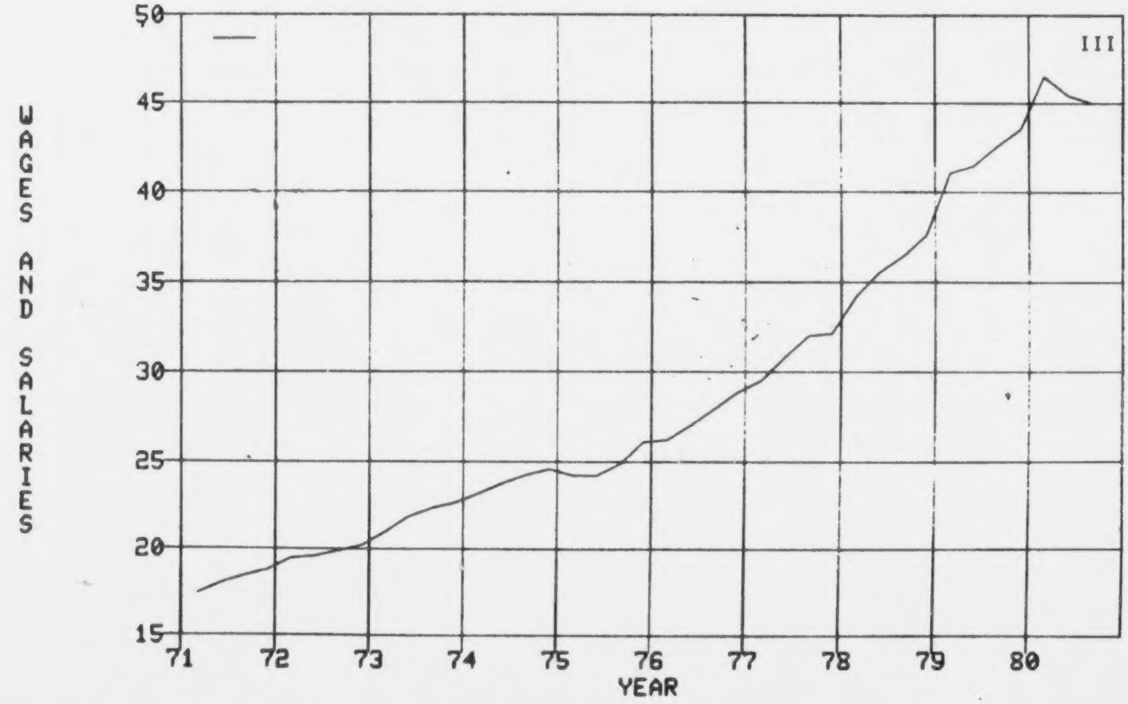
76
77
78
79
80
81
YEAR


INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED (IN THOUSANDS)
500
450
400
350
300
250
200
CLAIMS
11
71
72
73
74
75
76
77
78
79
80
YEAR

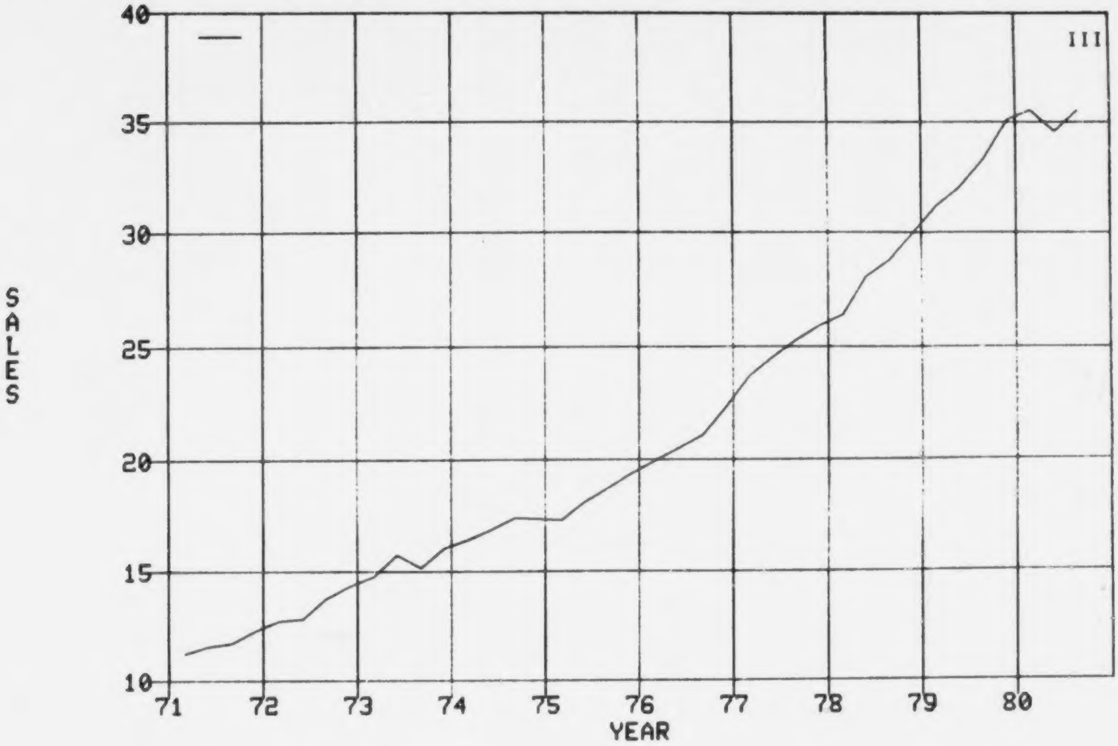
PERSONAL INCOME, QUARTERLY (IN BILLIONS OF DOLLARS)



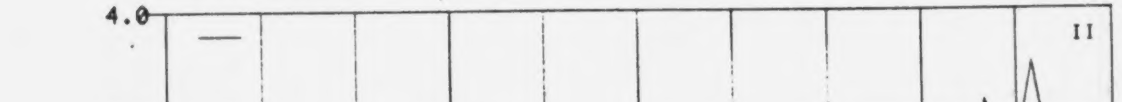
WAGES AND SALARIES FROM MINING, MANUFACTURING, AND CONSTRUCTION, QUARTERLY (IN BILLIONS OF DOLLARS)



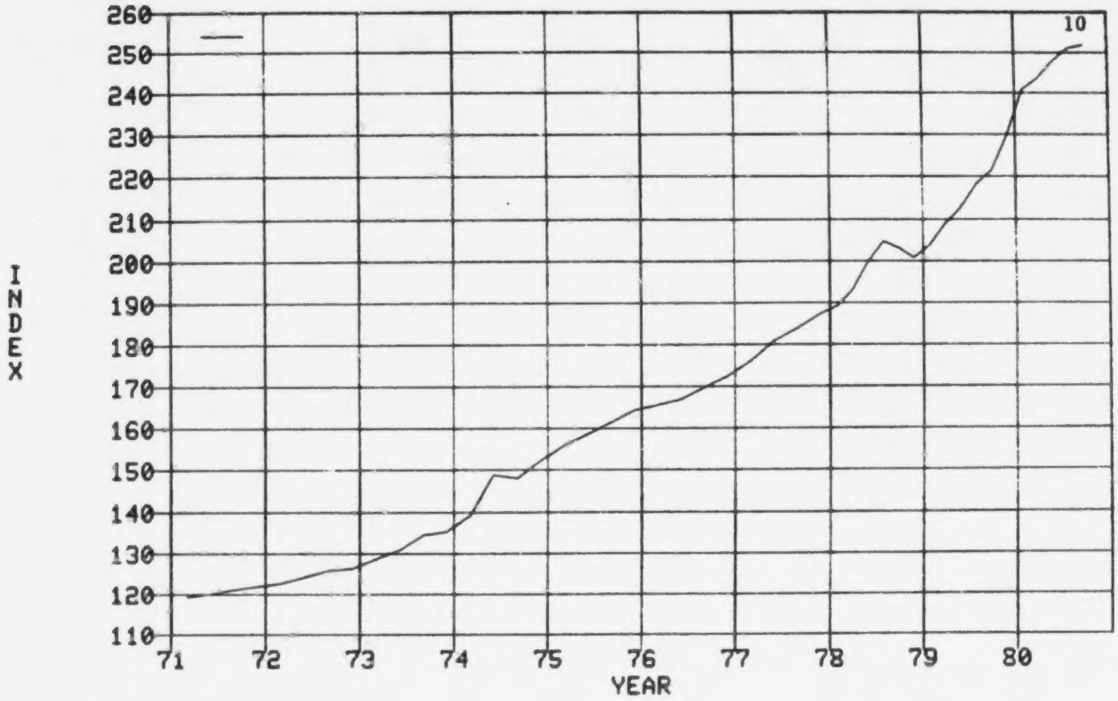
TAXABLE SALES, QUARTERLY (IN BILLIONS OF DOLLARS)



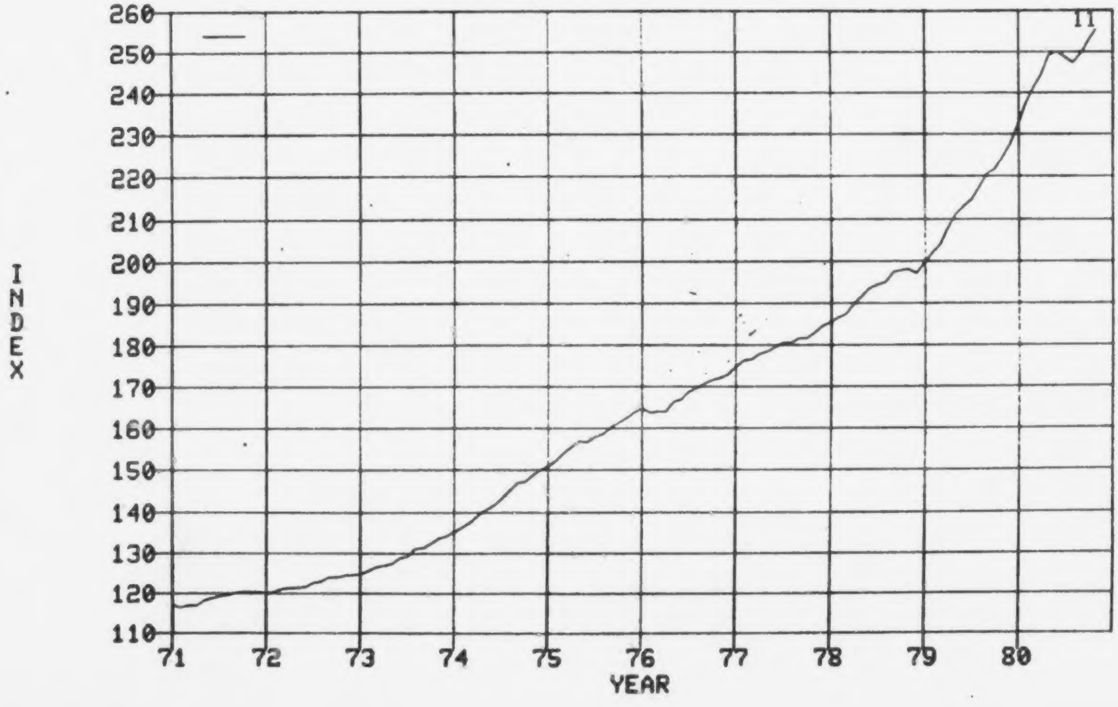
DOD PRIME CONTRACTS, QUARTERLY (IN BILLIONS OF DOLLARS)



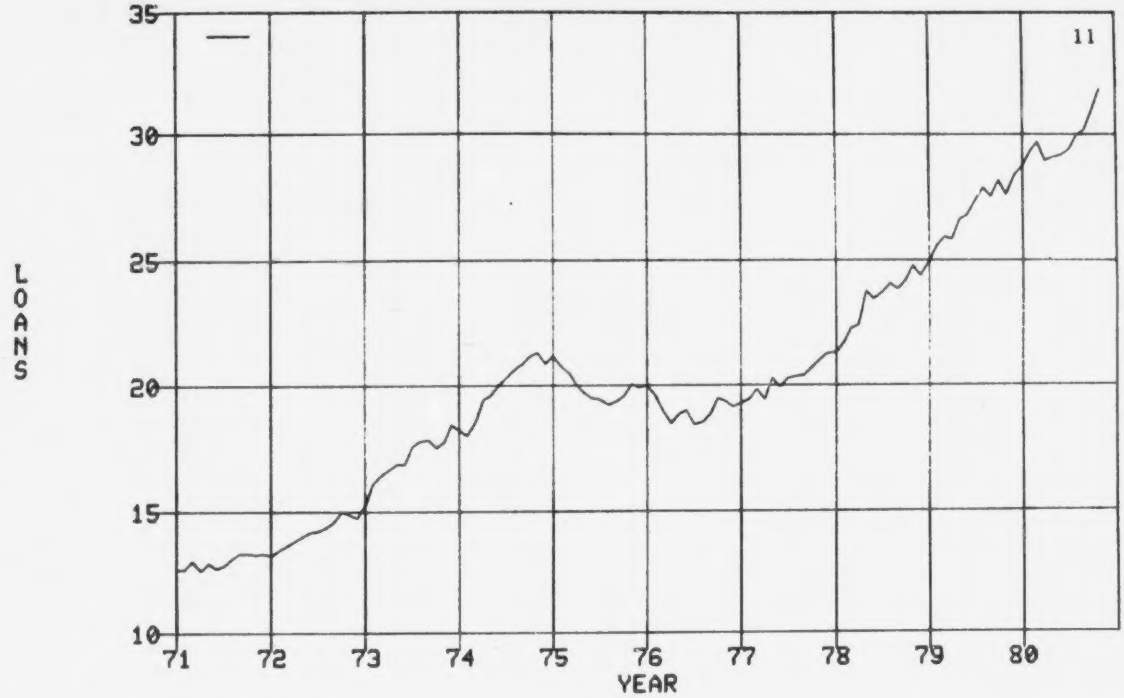
CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)



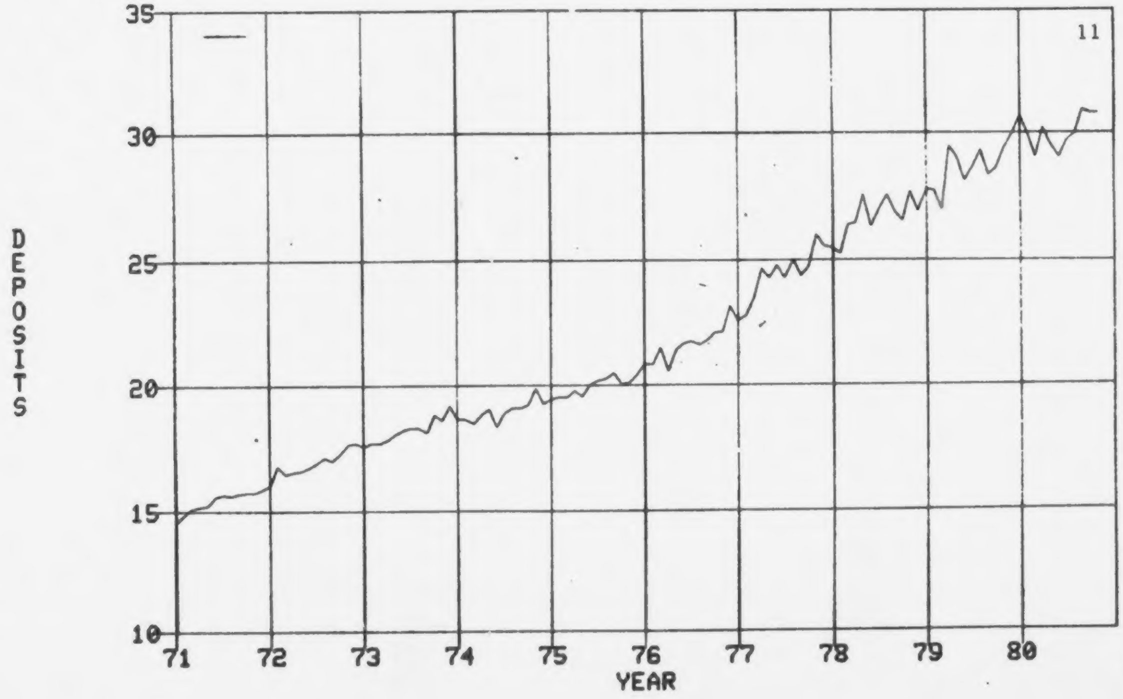
CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)



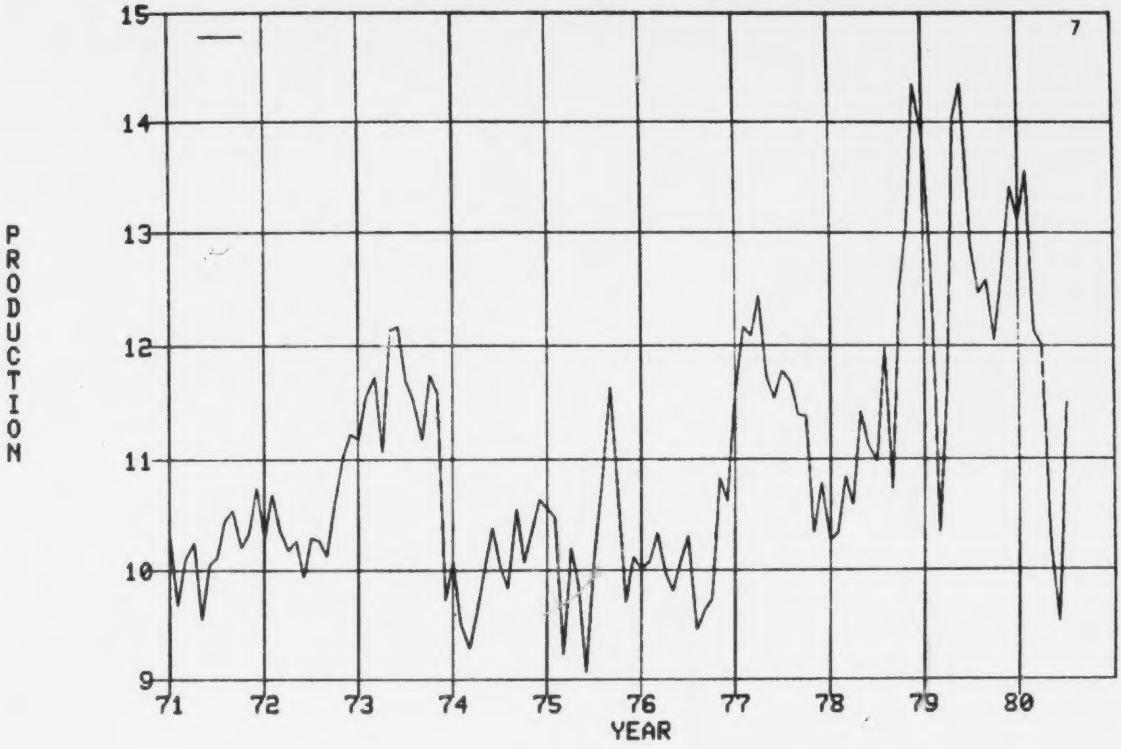
CALIFORNIA COMMERCIAL AND INDUSTRIAL LOANS
(IN BILLIONS OF DOLLARS)



CALIFORNIA DEMAND DEPOSITS ADJUSTED
(IN BILLIONS OF DOLLARS)



ELECTRICITY PRODUCTION (IN BILLIONS OF KWH)



BASIC DATA FOR CALIFORNIA ECONOMIC SERIES

(Seasonally Adjusted Except as Noted)

	Leading Indicators							
Year and Month	Index of Leading Indicators (1972=100)	Average Weekly Hours, Manufacturing	Nonagricultural Placements Weekly Avg. (thousands)	Initial Claims for Unemployment Insurance Weekly Avg. (thousands)	Production Worker Man-Hours (1967=100)	Overtime Hours Manufacturing	Private Housing Units Authorized	New Business Incorporations
1977								
January	115.0	40.0	9.2	47.1	104.2	3.2	23,408	2,734
February	115.2	40.0	9.5	49.7	104.9	3.1	25,768	2,825
March	116.9	40.0	9.1	46.0	105.1	3.2	25,291	3,567
April	115.5	40.1	9.5	51.9	105.9	3.2	21,301	2,882
May	115.9	40.2	9.3	60.6	106.7	3.4	21,164	3,547
June	115.4	40.2	9.4	52.0	106.8	3.2	21,890	3,558
July	117.1	40.3	11.6	53.9	107.6	3.2	21,213	4,008
August	116.3	40.1	11.1	54.5	107.1	3.2	21,634	3,864
September	116.3	40.3	10.6	54.6	108.6	3.2	22,540	3,949
October	116.5	40.1	11.1	53.4	108.6	3.3	20,021	3,795
November	117.4	40.1	10.9	49.5	110.4	3.2	25,716	3,826
December	117.7	40.1	10.8	50.2	111.8	3.2	21,168	3,731
1978								
January	118.0	40.0	11.4	52.4	113.2	3.2	18,092	3,556
February	119.1	40.0	11.7	49.7	114.0	3.4	19,517	4,043
March	119.1	40.3	11.3	48.3	114.9	3.3	19,560	3,652
April	120.3	40.6	11.1	49.0	115.5	3.5	19,068	3,601
May	120.4	40.1	11.1	47.3	115.2	3.3	21,075	4,086
June	122.8	40.1	10.8	48.7	116.2	3.4	38,341	4,217
July	119.4	40.0	9.3	57.9	116.5	3.3	18,361	4,046
August	121.7	40.0	10.7	54.2	116.7	3.4	14,352	3,996
September	123.6	40.0	10.6	48.9	116.7	3.4	17,117	4,252
October	125.7	40.2	10.8	44.4	119.6	3.5	18,127	3,942
November	124.8	40.2	11.0	50.2	120.8	3.5	17,973	4,440
December	124.9	40.1	10.9	49.5	122.0	3.6	17,851	4,328
1979								
January	126.5	40.3	10.5	49.7	124.1	3.7	17,887	4,934
February	126.3	40.4	9.1	50.1	124.6	3.6	16,146	4,570
March	127.4	40.1	11.2	50.9	123.6	3.4	16,714	4,315
April	123.7	38.6	11.2	54.7	117.8	2.6	18,389	4,724
May	127.1	39.9	10.5	49.9	121.9	3.2	18,629	4,632
June	127.2	39.9	9.6	49.0	120.6	3.3	16,662	4,289
July	128.1	40.1	7.5	47.5	121.7	3.4	18,961	4,420
August	129.8	40.0	9.6	47.8	121.4	3.4	18,772	4,754
September	130.6	39.9	10.2	47.2	120.8	3.3	18,534	4,445
October	130.7	40.0	9.5	50.5	123.5	3.3	19,435	4,876
November	130.7	39.9	10.8	49.8	123.5	3.6	15,543	4,813
December	130.6	40.1	10.4	52.5	130.5	3.3	12,756	4,730
1980								
January	129.4	39.6	9.3	57.1	125.1	3.2	14,049	4,901
February	131.5	39.6	9.0	54.3	125.1	3.2	14,717	5,645
March	127.8	39.8	9.2	59.6	124.4	3.2	9,599	4,366
April	123.9	39.5	9.1	59.4	121.3	3.0	8,633	4,665
May	120.1	39.5	8.5	64.2	119.1	2.9	7,371	4,179
June	120.2	39.3	7.3	62.3	116.3	2.7	9,073	3,840
July	122.0	39.2	6.1	60.6	115.8	2.7	13,592	4,432
August	125.1	39.5	6.8	56.9	115.2	2.9	11,827	4,181
September	128.8	39.6	7.8	57.1	115.3	3.1	17,261	4,736
October	128.5	39.3	7.2	54.0	117.3	3.0	15,027	5,455
November			8.3	53.3	119.8		12,497	4,515

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

	Coincident Indicators						Other Indicators
Year and Month	Nonagricultural Employment (thousands)	Wages and Salaries in Mining, Manufacturing and Construction (mil dol.)a/	Unemployment Rate	Insured Unemployment Average Weeks Claimed (thousands)	Personal Income (mil dol.)a/	Taxable Sales (mil dol.)b/	Manufacturing Employment (thousands)
1977							
January	8,349.2		8.8	327			1,684.3
February	8,389.9	29,555	8.5	316	166,067	23,693	1,689.7
March	8,434.5		8.4	316			1,700.7
April	8,484.9		8.7	316			1,713.6
May	8,509.2	30,505	8.5	328	171,635	24,523	1,719.5
June	8,535.4		8.5	343			1,722.9
July	8,581.4		8.2	320			1,728.5
August	8,629.7	31,773	8.0	326	177,394	25,280	1,733.8
September	8,707.8		8.0	310			1,748.6
October	8,775.7		7.9	318			1,743.9
November	8,845.4	32,580	8.3	326	183,075	25,945	1,765.4
December	8,902.8		7.0	307			1,784.0
1978							
January	8,957.8		7.0	329			1,815.3
February	9,019.2	34,237	7.6	321	189,778	26,395	1,819.8
March	9,085.3		7.7	307			1,830.6
April	9,109.7		7.3	300			1,831.4
May	9,173.3	35,521	7.5	296	194,725	28,084	1,847.7
June	9,231.4		7.3	285			1,865.4
July	9,162.6		7.8	312			1,880.9
August	9,209.3	36,252	7.0	364	201,578	28,803	1,894.5
September	9,270.7		6.7	316			1,902.1
October	9,320.8		6.5	306			1,919.3
November	9,380.6	37,945	6.4	295	208,298	29,984	1,941.6
December	9,412.5		6.5	292			1,951.2
1979							
January	9,508.8		6.4	297			1,982.0
February	9,549.0	40,513	6.5	293	218,056	31,158	1,984.4
March	9,593.2		6.4	299			1,997.8
April	9,565.8		6.3	300			1,990.0
May	9,602.7	41,817	6.1	295	222,834	31,999	1,994.0
June	9,634.1		6.0	281			1,998.4
July	9,668.5		5.9	282			2,004.5
August	9,732.7	42,543	6.3	278	230,967	33,275	2,002.1
September	9,755.3		6.4	285			1,997.1
October	9,801.2		6.3	292			2,027.0
November	9,863.0	43,860	6.1	291	240,209	35,067	2,037.8
December	9,878.4		6.2	300			2,037.7
1980							
January	9,900.5		5.8	308			2,047.4
February	9,964.4	45,943	6.1	334	249,058	35,507	2,048.1
March	9,957.2		6.0	337			2,045.6
April	9,869.4		7.1	348			2,020.6
May	9,838.8	46,034	7.1	355	252,839	34,537	2,005.3
June	9,812.0		7.3	397			1,988.2
July	9,745.4		6.7	406			1,977.4
August	9,769.2	45,000	7.3	395	258,109	35,520	1,973.8
September	9,758.5		6.9	427			1,969.4
October	9,779.9		7.2	421			1,998.0
November	9,827.4		7.4	378			2,009.2

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

Other Indicators

Year and Month	DOD Prime Contracts (mil dol.)b/	Consumer Price Index (1967=100)c/						California Commercial and Industrial Loans (mil dol.)	California Demand Deposits Adjusted (mil dol.)	Electricity Production (mil KWH)
		San Francisco			Los Angeles					
		Wage Earner and Clerical Worker			Wage Earner and Clerical Worker					
		Old Series	New Series	All Urban	Old Series	New Series	All Urban			
1977										
January		--			174.8			19,252	22,592	11,558
February	2,512	--			176.3			19,436	22,786	12,163
March		176.0			176.7			19,847	23,502	12,087
April		--			177.9			19,420	24,626	12,440
May	2,470	--			178.5			20,286	24,269	11,712
June		180.7			179.5			19,934	24,757	11,528
July		--			180.4			20,273	20,309	11,779
August	2,398	--			180.6			20,359	25,006	11,674
September		184.0			181.6			20,397	24,368	11,382
October		--			181.6			20,727	24,722	11,374
November	2,688	--			182.9			21,000	25,984	10,332
December		187.3			184.4			21,253	25,566	10,786
1978										
January		--	--	--	185.4	185.6	185.5	21,329	25,478	10,280
February	2,458	--	189.5	189.2	185.8	186.8	186.5	21,654	25,240	10,338
March		191.0	--	--	186.9	187.1	187.4	22,265	26,367	10,843
April		--	192.4	192.8	188.9	188.9	189.6	22,395	26,480	10,591
May	2,642	--	--	--	190.9	191.2	191.5	23,779	27,587	11,411
June		196.8	198.7	199.3	193.1	193.0	193.4	23,457	26,345	11,127
July			--	--		194.3	194.3	23,727	27,057	10,976
August	2,739		204.0	204.7		194.7	194.9	24,061	27,550	11,983
September			--	--		196.9	197.3	23,853	26,931	10,738
October			202.6	203.2		197.2	197.8	24,178	26,545	12,525
November	2,710		--	--		197.5	198.1	24,790	27,695	13,094
December			200.4	200.8		197.0	197.1	24,390	26,956	14,349
1979										
January			--	--		199.7	199.6	24,955	27,782	13,853
February	3,191		204.2	203.9		202.3	201.9	25,563	27,761	12,653
March			--	--		204.4	203.8	25,917	27,011	10,343
April			209.3	208.8		208.8	207.8	25,836	29,474	11,624
May	2,255		--	--		212.4	211.0	26,618	29,038	14,024
June			213.7	212.5		214.5	212.9	26,786	28,141	14,348
July			--	--		216.8	214.7	27,380	28,715	12,896
August	3,586		218.6	218.3		219.6	217.5	27,864	29,326	12,469
September			--	--		223.0	220.7	27,517	28,360	12,585
October			220.8	221.5		224.0	221.8	28,191	28,613	12,047
November	3,196		--	--		225.8	224.2	27,628	29,341	12,642
December			229.0	230.2		229.9	228.0	28,396	29,951	13,411
1980										
January			--	--		235.0	232.6	28,763	30,657	13,114
February	3,759		240.0	240.7		240.0	237.6	29,315	29,968	13,545
March			--	--		243.9	241.3	29,691	29,037	12,131
April			242.8	243.5		247.8	244.6	28,967	30,181	12,012
May	3,115		--	--		252.6	249.1	29,091	29,577	10,222
June			247.7	248.0		253.4	250.1	29,203	29,049	9,527
July			--	--		251.5	248.7	29,414	29,714	11,498
August			251.4	251.0		250.1	247.3	29,979	29,981	
September			--	--		251.6	249.6	30,175	30,939	
October			252.6	251.9		254.9	252.6	30,961	30,809	
November			--	--			255.5	31,832	30,802	

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a/Quarterly data, annual basis.
b/Quarterly data.
c/Not adjusted for seasonal variation.
r/Revised

CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

1961

February 17-23	National airline strike.
March 9-13	California dock strike by Teamsters.
May 5	Minimum wage legisation signed: $1.15 for 2 years, $1.25 thereafter.
June 16-July 4	National maritime strike. Strike resumed September 28-October 12 against owners of 1/3 West Coast merchant fleet.
August 11	Duty exemption for U.S. travelers returning from abroad cut from $500 to $100.
August 26	American Motors Corporation--UAW profit-sharing pact announced.
September 6-24	UAW-GM strike.
October 3-15	UAW-Ford strike.

1962

January 1	Federal Reserve Board and Federal Deposit Insurance Corporation authorize commercial banks to raise interest rates to 3-1/2 percent on all savings and time deposits of six months or longer, and to 4 percent on deposits of one year or more.
March 16-April 11	West Coast maritime strike.
May 1-June 26	Northern California construction strike. Southern California strike, June 18-27. San Diego strike, June 21-July 10.
May 28	"Blue Monday." Dow Jones Industrial Average dow 34.95 points, sharpest drop since October 28, 1929. Week of May 21-25: average down 38.82, largest one-week decline on record.
July 10	Stock margin requirements cut from 70 percent to 50 percent.
July 11	Revision of depreciation schedules announced by Treasury.
October 18	Commercial bank reserve requirements against time deposits reduced from 5 percent to 4 percent.

1963

June 5	Silver backing for Treasury silver certificates removed to ease pressure on silver prices. Sale of silver from Treasury stockpile started September 12.
July 17	Discount rate raised from 3 percent to 3 1/2 percent.
November 5	Stock margin requirements raised from 50 percent to 70 percent.
November 22	President Kennedy assassinated.

1964

February 26	Federal income tax cut measure signed into law. Reflected in withholding rates effective March 5. Individual tax rates cut from 20 percent to 91 percent range to 14 percent to 70 percent range. Corporation reduction to 48 percent from 52 percent.
September 25-November 8	UAW strike against GM.
November 23	Discount rate increased from 3 1/2 percent to 4 percent.
December 22-24	Northern Calfornia floods.

1965

March 1-23	Strike by steel workers at American and Continental can companies.
June 16-August 7	Northern California construction strike.
June 17-July 19	Southern California construction strike.
August 11-17	Los Angeles riots, Watts area.
December 6	Discount rate raised from 4 percent to 4 1/2 percent.
December 13	Permitted interest on savings accounts raised from 4 1/2 percent to 5 1/2 percent under Regulation Q.

1966

January 1	Increased social security taxes in effect.

CHRONOLOGY--Continued

1966--Continued

February 8	FHA interest rate raised from 5 1/4 percent to 5 1/2 percent, no change in 1/2 percent loan insurance rate.
March 11	Prime rate raised from 5 percent to 5 1/2 percent in Eastern financial markets.
March 16	Auto excise tax raised from 6 percent to 7 percent.
April 1	Telephone excise tax of 10 percent reinstated.
April 12	FHA interest rate increased from 5 1/2 percent to 5 3/4 percent.
May 1	Increased withholding tax rates in effect.
June 30	Prime rate raised from 5 1/2 percent to 5 3/4 percent in New York, Chicago.
July 8-August 20	Airline strike.
August 16	Prime rate up to 6 percent, Eastern cities.
October 3	FHA interest rate raised from 5 3/4 percent to 6 percent.
October 10	Suspension of 7 percent investment credit and accelerated depreciation allowance.

1967

January 26	Prime rate lowered from 6 percent to 5 1/2 percent.
February 1	Minimum wage increased to $1.40 from $1.25 per hour.
March 9	Investment tax credit and accelerated depreciation allowance reinstated.
April 7	Discount rate lowered from 4 1/2 percent to 4 percent.
April 21-July 26	Rubber strike.
July 15-March 20, 1968	Copper strike.
August 30	Steel price rises announced.
September 6-October 25	UAW strike against Ford.
November 20	Discount rate raised from 4 percent to 4 1/2 percent. Prime rate increased from 5 1/2 percent to 6 percent.

1967--Continued

December 15	Los Angeles (Herald Examiner) newspaper strike.
December 27	Increase of 1/2 percent in reserve requirements announced. Effective in two stages during January 1968.

1968

January 1	Wage base for social security contributions raised from $6,600 to $7,800.
January 5-February 25	San Francisco newspaper strike.
February 1	Minimum wage increased to $1.60 from $1.40 per hour.
March 1	Increase in social security benefit payments, averaging 13 percent.
March 15	Discount rate raised from 4 1/2 percent to 5 percent. San Francisco increase effective March 18; New York up March 22. Highest level since 1929.
March 15-April 1	Trading in London gold market suspended. Two-price system for gold effective March 18 by London gold pool countries.
April 1	Personal income tax surcharge. See June 28.
April 1-June 13	San Francisco area machinists and electrical workers strike.
April 19	Discount rate raised to 5 1/2 percent. Prime rate increased from 6 percent to 6 1/2 percent.
May 7	FHA interest rate raised from 6 percent to 6 3/4 percent.
May 16	UAW suspended from AFL-CIO.
June 8	Stock margin requirements raised from 70 percent to 80 percent.
June 28	Tax surcharge and $6 billion Federal spending cut legislation signed by President Johnson. 10 percent surcharge retroactive to April 1 for individuals, January 1 for corporations.
July 15	Increased personal income tax withholding in effect.
August 16-29	Federal reserve discount rate lowered from 5 1/2 percent to 5 1/4 percent.

CHRONOLOGY--Continued

1968--Continued

September 25	Prime rate lowered from 6 1/2 percent to 6 percent by Chase Manhattan. (Subsequent reduction by other banks to 6 1/4 percent. Chase Manhattan rate raised to 6 1/4 percent effective November 13.)
December 2	Prime rate raised from 6 1/4 percent to 6 1/2 percent.
December 18	Federal Reserve discount rate raised from 5 1/4 percent to 5 1/2 percent. Prime rate raised from 6 1/2 percent to 6 3/4 percent.

1969

January 1	Social security contribution rate increased to combined 9.6 percent.
January 7	Prime rate raised from 6 3/4 percent to 7 percent.
January 24	FHA interest rate raised from 6 3/4 percent to 7 1/2 percent.
March 17	Prime rate raised from 7 percent to 7 1/2 percent.
April 3	Discount rate raised from 5 1/2 percent to 6 percent; reserve requirement raised.
June 9	Prime rate raised from 7 1/2 percent to 8 1/2 percent.
June 12	Required liquidity reserves of savings and loan associations lowered from 6 1/2 percent to 6 percent.
October 27-February 1970	General Electric strike.

1970

January 1	Personal income tax surcharge reduced to 5 percent. Withholding cut.
January 5	FHA interest rate raised from 7 1/2 percent to 8 1/2 percent.
January 21	Increased schedule of interest rates on time deposits and certificates of deposit in effect.
March 25	Prime rate reduced from 8 1/2 percent to 8 percent.
April 2-June 2	Teamster strike.
May 6	Stock margin requirement cut from 80 percent to 65 percent.

1970--Continued

July 1	Personal income tax surcharge removed.
September 14-November 23	UAW strike against GM.
September 22	Prime rate reduced from 8 percent to 7 1/2 percent.
November 10	Discount rate reduced from 6 percent to 5 3/4 percent.
November 12	Prime rate reduced from 7 1/2 percent to 7 1/4 percent.
November 23	Prime rate reduced from 7 1/4 percent to 7 percent.
December 1	Discount rate reduced from 5 3/4 percent to 5 1/2 percent. FHA interest rate reduced from 8 1/2 percent to 8 percent.
December 20	13-week extended duration unemployment benefits in effect.
December 22	Prime rate reduced from 7 percent to 6 3/4 percent.

1971

January 6	Prime rate reduced from 6 3/4 percent to 6 1/2 percent.
January 8	Discount rate reduced from 5 1/2 percent to 5 1/4 percent.
January 12	FHA interest rate reduced from 8 percent to 7 1/2 percent.
January 15	Prime rate reduced from 6 1/2 percent to 6 1/4 percent.
January 18	Prime rate reduced from 6 1/4 percent to 6 percent.
January 19	Discount rate reduced from 5 1/4 percent to 5 percent.
February 4	Rolls Royce bankruptcy announced.
February 9	Los Angeles earthquake.
February 12	Discount rate reduced from 5 percent to 4 3/4 percent.
February 16	Prime rate reduced from 6 percent to 5 3/4 percent.
February 23	Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered.

1971--Continued

March 16	Prime rate reduced from 5 3/4 percent to 5 1/2 percent.
March 17	Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972.
March 25	SST program terminated.
April 1	Interest rates on savings accounts in California banks generally reduced from 4 1/2 percent to 4 percent.
April 23	Prime rate raised from 5 1/4 percent to 5 1/2 percent.
May 1	Liquidity ratio for savings and loan associations raised from 6 1/2 percent to 7 1/2 percent.
May 17-18	Rail strike.
June 1-July 27	Communications workers strike against Western Union.
June 15-21	Prime rate increased from 5 1/2 percent to 5 3/4 percent. General rise to 6 percent on July 7.
June 29-July 16	Northern California construction strike.
July 1-October 6	West Coast dock strike.
July 14-August 2	Telephone strike.
July 15	Discount rate raised from 4 3/4 percent to 5 percent.
July 16-August 2	Rail strike.
July 31	Steel strike averted by accord on contract.
August 2	Lockheed loan guarantee approval.
August 3	Teamsters walkout in Northern California against building contractors.
August 15-November 13	President's economic policy message; 90-day wage-price freeze in effect.
October 1	East and Gulf Coast longshoremen's strike.
October 20	Prime rate reduced from 6 percent to 5 3/4 percent. Further reduction to 5 1/2 percent on November 4.

1971--Continued

November 11	Discount rate reduced from 5 percent to 4 3/4 percent.
November 14	Phase II of NEP in effect.
December 6	Stock margin requirements cut from 65 percent to 55 percent.
December 10	Revenue Act of 1971 signed into law.
December 13	Discount rate reduced from 4 3/4 percent to 4 1/2 percent. Prime rate lowered from 5 1/2 percent to 5 1/4 percent.*
	Intent to devalue U.S. dollar announced.

1972

January 17-February 20	West Coast dock strike continued.
February 1-March 15	Kaiser Steel Company strike.
July 1	20 percent increase in social security benefits signed into law. Effective September.
September 11	Opening of BART Fremont-Oakland line.
September 21	"Friends of Mammoth" decision.
November 24	Stock margin requirements raised to 65 percent.

1973

January 11	Phase III of NEP in effect.
January 15	Discount rate raised from 4 1/2 percent to 5 percent.
January 27	Viet Nam cease fire signed.
January 29	Opening of BART Richmond-Oakland line.
February 12	10 percent devaluation of U.S. dollar announced.
March 2	Major foreign currency exchanges closed.
March 29	Price controls of meat announced.
April 9-13	Consumer meat boycott.

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

CHRONOLOGY--Continued

1973--Continued

April 23	Discount rate raised from 5 1/2 percent to 5 3/4 percent.
May 10	Discount rate raised from 5 3/4 percent to 6 percent.
June 11	Discount rate raised from 6 percent to 6 1/2 percent.
June 14	60-day price freeze announced.
July 2	Discount rate raised from 6 1/2 percent to 7 percent. Increased reserve requirement on net demand deposits.
July 6	Interest rates increased: FHA mortgage rate: 7 percent to 7 3/4 percent; bank savings rate: 4 1/2 percent to 5 percent; savings and loan rate: 5 percent to 5 1/4 percent.
July 18	Phase IV announced.
August 27	Prime rate at 9 3/4 percent in major institutions.
October 17	Arab nations announce reductions in oil shipment.
November 5-December 18	TWA strike.

1974

January 3	Stock margin requirements cut from 65 percent to 50 percent.
February 1-11	Independent truckers strike, midwest and east coast.
February 15	Prime rate reduced to 9 percent.
February 22	Prime rate reduced to 8 3/4 percent.
March 4	California minimum wage increased to $2.00 per hour from $1.65.
March 18	Arab oil embargo lifted.
March 27	Prime rate increased to 9 percent from 8 3/4 percent.
March 28	Prime rate further increased to 9 1/2 percent.
April 25	Federal Reserve raised discount rate to 8 percent from 7 1/2 percent.
April 29	Prime rate up to 10 3/4 percent.
April 30	Phase IV controls lifted in approximately 165 sectors of the economy.

1974--Continued

June 17-August 4	San Diego construction strike.
June 17-July 21	Northern California construction strike.
July 1-Mid-August	Southern California construction strike.
July 1	Transit strikes, San Francisco Bay Area.
August 2-October 21	Los Angeles area transit strike.
August 8	Resignation of President Nixon announced.
August 14	FHA mortgage rate raised to 9 1/2 percent.
	Prime rate reduced from 12 percent to 11 3/4 percent on limited basis. Prevailing rate on date of major changes: October 21......11 1/2 percent October 28......11 1/4 percent November 4 .....11 percent November 14.....10 3/4 percent November 25.....10 1/2 percent
October 8	Prime rate reduced from 12 percent to 11 3/4 percent by several more large banks.
November 12-December 9	Coal strike.
December 9	Discount rate reduced from 8 percent to 7 3/4 percent.

1975

January 6	Federal Reserve discount rate cut from 7 3/4 percent to 7 1/4 percent.
January 10	Oil Chemical Atomic Workers Union strike.
January 13	Prime rate reduced to 10 percent. Further major cuts as follows: Jannuary 21.....9 3/4 percent January 31......9 percent February 6......8 3/4 percent February 19.....8 1/2 percent March 3.........8 1/4 percent March 8.........8 percent
January 21	FHA mortgage rate reduced from 9 percent to 8 1/2 percent.

CHRONOLOGY--Continued

1975--Continued

February 5	Federal Reserve discount rate cut from 7 1/4 percent to 6 3/4 percent.
March 10	Federal Reserve discount rate cut from 6 3/4 percent to 6 1/4 percent.
March 24	Prime rate reduced to 7 1/2 percent by most major banks.
March 25	King Faisal assassinated.
March 29	Tax reduction act signed into law.
May 19	Prime rate reduced to 7 1/4 percent by several major banks.
June 10	Prime rate reduced to 7 percent by most banks.
July 18	Prime rate increased to 7 1/4 percent. Further gains as follows: July 25.........7 1/2 percent August 11.......7 3/4 percent September 15....8 percent
September 1	National Airlines strike.
October 16	Reserve requirement on time deposits reduced from 3 percent to 1 percent.
October 24	Prime rate reduced to 7 3/4 percent. Further reductions as follows: October 31......7 1/2 percent November 21.....7 1/4 percent
December 5-19	United Airlines strike.

1976

January 12	Prime rate lowered to 7 percent.
January 19	Federal Reserve discount rate lowered from 6 percent to 5 1/2 percent.
January 21	Prime rate reduced to 6 3/4 percent.
April 1-3	Teamsters strike.
April 9-June 4	Prime rate moving upward, 6 3/4 percent to 7 1/4 percent at most major banks.
April 21	Rubber workers strike.
July 20-August 2	Cannery workers strike.
August 2	Prime rate reduced to 7 percent. Further reductions as follows: October 4.......6 3/4 percent October 29......6 1/2 percent December 10.....6 1/4 percent

1976--Continued

September 15-October 13	Auto workers strike.
October 18	California minimum wage raised to $2.50 per hour.
December 22	Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent.

1977

May 16	Prime rate raised to 6-1/2 percent.
May 31	Prime rate raised to 6-3/4 percent.
August 22	Prime rate raised to 7 percent.
August 30	Federal Reserve discount rate raised from 5 1/4 percent to 5-3/4 percent, the first increase since April 1974.
September 16	Prime rate raised to 7-1/4 percent.
October 1-November 24	Longshoremen's strike against East and Gulf Coast ports.
October 7	Prime rate raised to 7-1/2 percent.
October 10-January 4	IAM-Lockheed strike.
October 24	Prime rate raised from 7-1/2 percent to 7-3/4 percent.
October 26	Discount rate raised from 5-3/4 percent to 6 percent.
December 6-March 24	United Mine Workers strike.

1978

January 1	U.S. minimum wage increased to $2.65 per hour.
January 9	Discount rate raised from 6 percent to 6 1/2 percent.
January 10	Prime rate raised to 8 percent.
February 28	FHA mortgage rate raised from 8-1/2 percent to 8 3/4 percent.
April 1	California minimum wage increased from $2.50 to $2.65 per hour.
April 1-May 28	United Airlines strike.
May 4	Prime rate raised from 8 percent to 8-1/4 percent.
May 8	California savings and loan assocations raised mortgage rates from 9 3/4 percent to 10 percent.
May 12	Discount rate raised to 7 percent.

CHRONOLOGY--Continued

1978--Continued

May 23	Federal funds rate increased to 7-1/2 percent.
	FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent.
May 26	Prime rate raised from 8-1/4 percent to 8-1/2 percent.
June 6	Proposition 13 approved by California voters.
June 16	Prime rate raised to 8-3/4 percent.
June 20	OPEC announced a freeze on crude oil prices until December 16.
June 22	Federal funds rate raised from 7-1/2 percent to 7-3/4 percent.
June 29	FHA-VA mortgage rate raised to 9-1/2 percent.
June 30	Prime rate raised to 9 percent.
July 10	Discount rate raised to 7-1/4 percent.
July 18	Teamsters union strike affecting supermarkets throughout Northern California.
August 20	Retail clerks union strike in Southern California.
August 21	Discount rate raised to 7-3/4 percent.
August 29	Federal funds rate raised from 8-1/8 percent to 8-1/4 percent.
August 31	Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent.
September 15	Prime rate raised to 9-1/2 percent.
September 22	Discount rate raised from 7-3/4 percent to 9-3/4 percent.
September 28	Prime rate raised from 9-1/2 percent to 9-3/4 percent.
October 12	Prime rate raised from 9-3/4 percent to 10 percent.
October 15	Tax cut and energy bills passed by Congress.
October 16	Discount rate raised from 8 percent to 8-1/2 percent.
October 18	Federal funds rate raised from 8-3/4 percent to 8-7/8 percent.

1978--Continued

October 24	Prime rate raised from 10 percent to 10-1/4 percent.
	California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions.
October 24	Phase II announced: voluntary guidelines on wages and prices.
November 1	Discount rate raised from 8-1/2 percent to 9-1/2 percent.
	Prime rate raised to 10-1/2 percent.
November 3	Prime rate raised from 10-1/2 percent to 10-3/4 percent.
November 13	Prime rate raised from 10-3/4 percent to 11 percent.
November 24	Prime rate raised to 11-1/2 percent.
November 27	Federal funds rate raised from 9-3/4 percent to 9-7/8 percent.
December 4	Rollover for 6-month certificates of deposit (CDs) began this week.
December 19	Federal funds rate raised to 10 percent.
December 20	Prime rate raised to 11-3/4 percent.

1979

January 1	U.S. minimum wage increased to $2.90 per hour.
January 13	Prime rate reduced to 11-1/2 percent.
March 15	Terms for MMCs changed. 1/4 point differential over 9 percent eliminated.
March 27	OPEC price increases: 9 percent. Selected surcharges imposed.
March 31	United Airlines-machinist strike.
April 1-10	Teamsters strike.
May 7	Prime rate moved to 11-3/4 percent from 11-1/2 percent.
May 19	Federal funds rate set at 7-1/4 percent.
May 26	United Airlines strike ended.
May 30	Interest rate on conventional mortgages raised to 11-3/4 percent.
June 12	Prime rate reduced to 11-1/2 percent.

1979--Continued

July 1	Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks.
July 20	Discount rate raised from 9-1/2 percent to 10 percent.
August 16	Discount rate raised to 10-1/2 percent.
August 24	Federal funds rate raised from 11 percent to 11-1/4 percent.
August 26-September 10	Los Angeles Rapid Transit District strike.
August 28	Prime rate raised from 12 percent to 12-1/4 percent.
August 31-November 21	BART strike.
September 4	Federal funds rate raised from 11-1/4 percent to 11-3/8 percent.
September 12	Prime rate raised from 12-3/4 percent to 13 percent.
September 18	Discount rate raised from 10-1/2 percent to 11 percent.
September 19	Federal funds rate raised from 11-3/8 percent to 11-1/2 percent.
September 28	Prime rate raised from 13-1/4 percent to 13-1/12 percent.
October 6	Discount raised to 12 percent and selective credit tightening policies were implemented by the Federal Reserve.
October 9	Prime rate raised from 13-1/2 percent to 14-1/2 percent.
October 23	Prime rate raised to 15 percent.
November 7	Prime rate raised to 15-1/2 percent.
November 16	Prime rate raised to 15-3/4 percent.
November 26	Prime rate lowered from 15 percent.
November 27	Prime rate lowered to 15-1/4 percent.

1980

February 11	Ceilings on FHA and VA home loans raised to 12 percent.
February 18	Discount rate raised from 12 percent to 13 percent.
February 19	Prime rate raised from 15-1/4 percent to 15-3/4 percent.
February 22	Prime rate raised to 16-1/4 percent.

1980--Continued

February 25	Prime rate raised to 16-1/2 percent.
February 27	Ceilings on interest rates for government backed mortgages raised to 13 percent.
February 29	Prime rate raised to 16-3/4 percent.
March 4	Prime rate raised to 17-1/4 percent.
March 7	Prime rate raised to 17-3/4 percent.
March 13	Prime rate raised to 18-1/4 percent.
March 14	Announcement of tighter fiscal policies.
March 18	Prime rate raised to 19 percent.
April 2	Prime rate raised to 20 percent.
April 3	FHA mortgages raised to 14 percent.
April 20	Prime rate reduced to 19-1/2 percent.
April 28	FHA mortgages reduced to 13 percent.
	Prime rate reduced to 18-1/2 percent.
May 5	Prime rate reduced to 18 percent.
May 7	Prime rate reduced to 17 percent.
May 12	Prime rate reduced to 16-1/2 percent.
May 19	Prime rate reduced to 16 percent.
May 28	Discount rate lowered to 12 percent from 13 percent.
June 4	Prime rate reduced to 13 percent.
June 12	Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent.
June 20	Prime rate reduced to 12 percent.
June 24	Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent.
June 25	Carpenters strike in Northern California ended.
July 3	ICC begins trucking industry deregulation.
July 21	Motion picture and television industry strike.
July 22	Prime rate reduced to 11 percent.
July 25	Prime rate reduced to 10-3/4 percent.
July 28	Discount rate reduced to 10 percent.
August 5	Prime rate raised to 11 percent.
August 27	Prime rate raised to 11-1/2 percent.

1980--Continued

September 5	FHA mortgage interest rate raised from 11-1/2 to 12 percent.
September 12	California morgage rate raised from 13-1/2 percent to 13-3/4 percent.
September 25	Pacific Southwest Airlines (PSA) pilots strike begins.
September 26	Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent.
October 2	Prime raised from 13 to 13-1/2 percent.
October 3	Prime raised to 14 percent.
October 15	AFTA workers return to work.
October 23	Screen Actors Guild strike ends.
October 30	Prime raised from 14 to 14-1/2 percent.
November 7	Prime raised from 14-1/2 to 15-1/2 percent.
November 14	PSA pilots strike ends.
November 17	Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent.
November 21	Prime raised to 17 percent.
November 28	Prime raised to 17-3/4 percent.
December 3	Prime raised from 17-3/4 to 18-1/2 percent.
December 5	Discount rate raised from 12 to 13 percent. Prime raised to 19 percent.
December 11	Prime raised to 20 percent.
December 17	Prime raised from 20 to 21 percent.
December 23	Prime lowered from 21 to 20-1/2 percent.

1981

January 1	Minimum wage raised from $3.10 to $3.35.
January 6	Prime lowered to 20 percent.
January 7	Prime lowered to 19-1/2 percent.

SOURCES OF STATISTICAL SERIES

Employment Development Department Employment Data and Research	Civilian employment Unemployment Unemployment rate Nonagricultural employment Manufacturing employment Hours and earnings Nonagricultural placements Initial claims for unemployment insurance Insured unemployment Index for production worker man-hours
Department of Industrial Relations Division of Labor Statistics and Research	California consumer price index
Department of Finance	Personal income Wages and salaries Index of leading indicators
Department of Motor Vehicles	New auto registrations
State Board of Equalization	Taxable sales
Security Pacific National Bank	Housing units authorized Valuation of nonresidential construction
U.S. Department of Commerce	Retail sales
U.S. Bureau of Labor Statistics	Consumer price indices
U.S. Department of Defense	Prime defense contracts
Federal Power Commission	Electricity production
California Redwood Association	Lumber production
Conservation Committee of California Oil Producers	Petroleum production
American Iron and Steel Institute	Steel production
U.S. Bureau of Mines	Cement production
Dun and Bradstreet	Business failures and liabilities
California Secretary of State	New business incorporations
Federal Reserve Bank of San Francisco	Demand deposits Commercial and industrial loans

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REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854 -

Initial trough	Peak	Terminal trough	Expansion (months)	Contraction (months)	Total (months)
Dec. 1854	June 1857	Dec. 1858	30	18	48
Dec. 1858	Oct. 1860	June 1861	22	8	30
June 1861	April 1865	Dec. 1867	46	32	78
Dec. 1867	June 1869	Dec. 1870	18	18	36
Dec. 1870	Oct. 1873	March 1879	34	65	99
March 1879	March 1882	May 1885	36	38	74
May 1885	March 1887	April 1888	22	13	35
April 1888	July 1890	May 1891	27	10	37
May 1891	Jan. 1893	June 1894	20	17	37
June 1894	Dec. 1895	June 1897	18	18	36
June 1897	June 1899	Dec. 1900	24	18	42
Dec. 1900	Sept. 1902	Aug. 1904	21	23	44
Aug. 1904	May 1907	June 1908	33	13	46
June 1908	Jan. 1910	Jan. 1912	19	24	43
Jan. 1912	Jan. 1913	Dec. 1914	12	23	36
Dec. 1914	Aug. 1918	March 1919	44	7	51
March 1919	Jan. 1920	July 1921	10	18	28
July 1921	May 1923	July 1924	22	14	36
July 1924	Oct. 1926	Nov. 1927	27	13	40
Nov. 1927	Aug. 1929	March 1933	21	43	64
March 1933	May 1937	June 1938	50	13	63
June 1938	Feb. 1945	Oct. 1945	80	8	88
Oct. 1945	Nov. 1948	Oct. 1949	37	11	48
Oct. 1949	July 1953	May 1954	45	10	55
May 1954	Aug. 1957	April 1958	39	8	47
April 1958	April 1960	Feb. 1961	24	10	34
Feb. 1961	Dec. 1969	Nov. 1970	106	11	117
Nov. 1970	Nov. 1973	March 1975	36	16	52

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CALIFORNIA ECONOMIC INDICATORS

March 1981

DEPARTMENT OF FINANCE

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APR 07 1981

INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events.

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1971 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

Individuals or businesses seeking assistance in their economic development or job creation efforts are advised to contact the Department of Economic and Business Development. The Department can also provide additional general information on economic opportunities in California. Correspondence should be addressed to: State of California, Department of Economic and Business Development, 1120 N Street, Sacramento, CA 95814.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to: State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $5.00 per year, and begin with the January issue The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

Beginning Subscription Date	Prorated Amount Due
January	$5.00
March	4.15
May	3.35
July	2.50
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November	0.85

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REVIEW OF ECONOMIC DEVELOPMENTS

The California economy remained relatively unchanged during the first months of 1981. Seasonally adjusted civilian employment registered 10,493,000 for both January and February. The level was a moderate gain of 0.9 percent from February 1980. The unemployment rate posted a more dramatic change over the same period, reaching 7.6 percent currently as opposed to 6.3 percent a year earlier.

Nonagricultural employment grew by less than a thousand jobs between January and February 1981. At a seasonally adjusted level of 9,993,900, February nonagricultural employment posted a gain of only 0.8 percent from February 1980. Most sectors recorded very minor changes for the month with the exception of construction, which was down 3.6 percent from January. Government employment also declined between the two months; federal jobs were down a slight 0.2 percent and state and local jobs fell 0.6 percent. The overall level of total nonagricultural employment was balanced by job gains in trade (+1.0 %), finance-insurance-real estate (+0.4 %) and services (+0.2 %). (All nonagricultural employment data, including the numbers of the California Economic Factors Table, represent the Interim Benchmark Series prepared by the Employment Development Department. February data are estimated by the Department of Finance based upon the official BLS employment series.)

Construction activity within the State has continued to be weak due to the high level of interest rates. Private housing units authorized in January, on a seasonally adjusted basis, fell 9.9 percent from December. Nonresidential building valuation also softened during the month. The 5.7 percent decline between December and January placed total nonresidential valuations at $627 million. Seasonally adjusted residential valuations recorded a gain of 7.0 percent during the month, but were still down 7.9 percent on a year-over-year basis.

The California Index of Leading Economic Indicators, a forecaster of the economic outlook approximately six months into the future, declined moderately during December following a strong gain in November. The series has been fluctuating over the past few months, but gains since June have far outweighed declines, suggesting that the California economy is continuing to show signs of improvement.

Consumer prices, as measured on the all urban consumers index, recorded substantial increases during 1980. Continued high prices for homeownership and transportation were the main contributors to the exceptional gain in the overall index last year. The table shown below summarizes the annual average percent increases for these components for the metropolitan areas surveyed within the State.

Prices during December 1980 and January 1981 grew moderately compared to the high price gains recorded during the past year. One of the main causes behind this easing was reduced food prices. In January, the overall index increase in the Los Angeles-Long Beach metropolitan area was only 0.3 percent. Housing costs remained constant and food prices recorded a low 0.5 percent gain. Prices are not expected to continue at this moderate pace throughout 1981. Even so, it is likely that the CPI for the state will come in significantly below the rate of 1980.

Personal income growth in California continues to outperform the Nation. Income for the State was up 12.6 percent last year, reaching an estimated $256,811 million. Wages and salaries increased 10.8 percent, with the largest gains in mining (+20.2 %), services (+15.7 %) and finance-insurance-real estate (+14.4 %). Government wages and salaries increased a moderate 7.0 percent. Real personal income, using the national personal consumption expenditures deflator, rose only 2.2 percent during the year. Detailed quarterly data on the components of income are provided within this issue.

Year-to-Year Percent Change

		All Items	Homeownership	Transportation
Los Angeles-Long Beach	1979	10.8	11.8	16.1
	1980	15.7	24.6	17.3
San Francisco-Oakland	1979	8.5	5.2	14.7
	1980	15.2	20.3	18.9
San Diego	1979	16.5	26.5	14.3
	1980	15.2	19.7	17.6

CURRENT CALIFORNIA ECONOMIC DATA

	1981	1980				1979	Percent Change Jan. 1980-Jan. 1981
	January	December	November	October	January	December	
Employment[a]							
Civilian employment (000)	10,493	10,470	10,497	10,441	10,443	10,454	0.5
Unemployment (000)	853	734	815	805	672	704	26.9
Unemployment rate	7.5	6.6	7.2	7.2	6.0	6.3	--
Nonagricultural wage and salary employment (000)	9,983.3	9,928.6	9,916.3	9,917.2	9,847.7	9,841.4	1.4
Mining	46.8	45.4	45.2	44.8	41.7	40.8	12.2
Construction	441.3	432.5	433.4	433.3	458.9	472.0	-3.8
Manufacturing	2,027.1	2,011.8	2,008.6	2,005.0	2,035.2	2,031.4	-0.4
Aerospace[c]	627.2	628.0	626.4	624.4	610.3	607.3	2.8
Transportation--communications public utilities	552.4	547.8	547.8	546.9	543.2	544.7	1.7
Trade	2,271.5	2,260.5	2,261.3	2,274.9	2,264.1	2,258.7	0.3
Finance--insurance--real estate	627.4	625.9	625.8	625.4	614.8	613.1	2.0
Services	2,244.1	2,230.6	2,220.8	2,213.4	2,137.2	2,127.5	5.0
Government	1,772.7	1,774.1	1,773.4	1,773.5	1,752.6	1,753.2	1.1
Federal	322.2	322.3	323.4	322.9	325.5	326.3	-1.0
State and local	1,450.5	1,451.8	1,450.0	1,450.6	1,427.1	1,426.9	1.6
Hours and Earnings, Manufacturing							
Average weekly hours	39.6	40.5	40.0	39.4	39.3	40.8	0.8
Average weekly earnings	$322.00	$328.00	$320.00	$311.65	$288.46	$301.51	11.6
Average hourly earnings	$8.13	$8.10	$8.00	$7.91	$7.34	$7.39	10.8
Index of Leading Indicators	n.a.	n.a.	131.4	128.6	129.4	130.6	--
Trade							
Retail sales (millions)	n.a.	11,129	9,155	9,057	8,088	10,495	--
New auto registrations (number)	n.a.	n.a.	70,764	84,278	96,531	78,914	--
Business							
Business failures (number)	n.a.	n.a.	n.a.	232	110	82	--
Business liabilities (000)	n.a.	n.a.	n.a.	$48,702	$21,855	$20,553	--
New incorporations (number)	n.a.	n.a.	4,285	5,995	4,548	4,239	--
Consumer Price Index, all items[d]							
California average (1967=100)	--	260.0	--	254.6	--	230.8	--
San Francisco (1967=100)	--	254.9	--	251.9	--	230.2	--
Los Angeles (1967=100)	259.4	258.7	255.5	252.6	232.6	228.0	11.5
San Diego (1967=100)	287.7	--	279.1	--	254.0	--	13.3
Output							
Petroleum production (000 barrels daily)	n.a.	n.a.	n.a.	990.7	954.5	967.0	--
Cement production (000 short tons)	n.a.	676.4	648.9	825.4	528.4	681.1	--
Raw steel production (000 net tons)	n.a.	219.8	205.4	209.6	270.7	286.9	--
Lumber shipments (mil. FBM)	66.8	75.9	54.4	71.8	77.6	68.1	-13.9
Construction							
Private residential housing units authorized (number)	7,752	11,241	11,235	14,997	10,356	12,571	-25.1
Nonresidential building authorized, valuation (000)	$545,933	$637,530	$605,147	$786,857	$544,587	$710,120	0.2

[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end.

[c] Interim series does not give a detailed breakdown of manufacturing for aerospace employment. This value is from the EDD official employment series, it is not seasonally adjusted.

[d] All urban series.

P Preliminary estimate.

n.a. Not available

CALIFORNIA PERSONAL INCOME: 1980
(In millions of dollars)

	1980				
	I	II	III	IV	Year
EARNINGS (place of work)	190,825	192,449	195,337	200,434	194,761
Farm	5,087	5,140	5,228	5,493	5,237
Mining	1,243	1,300	1,336	1,419	1,324
Construction	11,113	10,799	10,943	11,097	10,988
Manufacturing	41,920	42,055	41,960	43,016	42,238
TCU	13,796	14,401	14,770	15,019	14,496
Trade	32,738	32,257	33,065	33,927	32,996
Finance-insurance-real estate	13,266	12,787	13,342	13,824	13,305
Services	39,621	39,908	41,323	43,154	41,002
Government	30,723	32,286	31,774	31,950	31,683
Federal civilian	6,579	6,205	6,923	6,678	6,596
Military	3,375	3,400	3,466	3,400	3,410
State and local	20,769	22,681	21,385	21,872	21,677
Other industries	1,318	1,516	1,596	1,536	1,492
WAGES AND SALARIES (place of work)	156,937	158,899	160,528	164,472	160,209
Farm	1,730	1,700	1,750	1,820	1,750
Mining	1,020	1,069	1,097	1,168	1,088
Construction	9,012	8,882	8,979	9,113	8,997
Manufacturing	35,911	36,083	35,951	36,856	36,200
TCU	11,262	11,446	11,706	11,880	11,574
Trade	27,343	27,206	27,718	28,413	27,670
Finance-insurance-real estate	9,969	9,661	10,046	10,322	10,000
Services	29,889	30,307	31,205	32,716	31,029
Government	29,891	31,413	30,872	31,044	30,805
Federal civilian	6,313	5,950	6,644	6,409	6,329
Military	3,375	3,400	3,466	3,400	3,410
State and local	20,203	22,063	20,762	21,235	21,066
Other industries	910	1,132	1,204	1,140	1,096
OTHER LABOR INCOME (place of work)	15,031	15,300	15,624	15,961	15,479
PROPRIETORS' INCOME (place of work)	18,857	18,250	19,185	20,001	19,073
Farm	3,147	3,440	3,478	3,673	3,434
Nonfarm	15,710	14,810	15,707	16,328	15,639
PROPERTY INCOME (place of residence)	37,166	39,045	40,207	41,504	39,481
Dividends	6,896	7,138	7,262	7,368	7,171
Interest	26,869	28,505	29,505	30,630	28,877
Rent	3,401	3,402	3,440	3,488	3,433
TRANSFER PAYMENTS (place of residence)	31,116	31,807	34,814	35,784	33,380
LESS: CONTRIBUTIONS FOR SOCIAL INSURANCE (place of work)	10,672	10,726	10,916	11,102	10,854
PLUS: RESIDENCE ADJUSTMENT	36	40	45	50	43
TOTAL PERSONAL INCOME (place of residence)	248,471	252,615	259,487	266,670	256,811

February 23, 1981

ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data for most series are plotted monthly. Quarterly series are identified following the series title on the chart.

The Arabic numeral in the right hand corner of each graph indicates the latest month for which the data are plotted (e.g.: 7 = July).

Roman numerals indicate the latest quarter for which data are plotted (III = third quarter).

TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

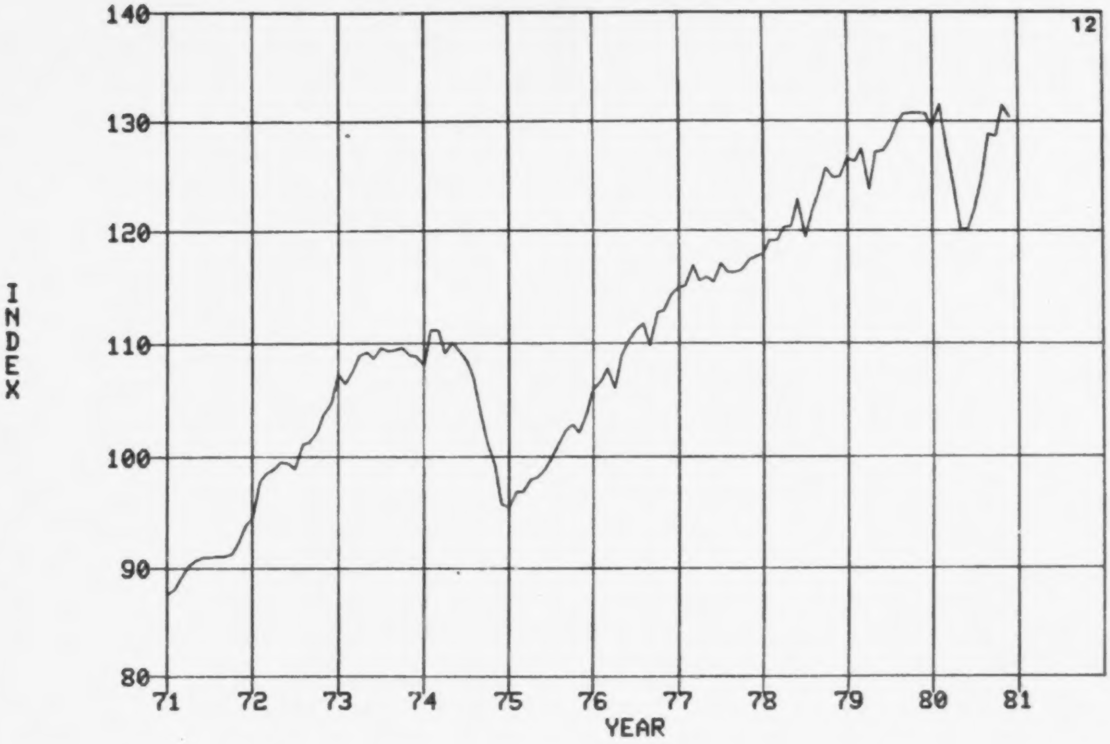
Taxable Sales

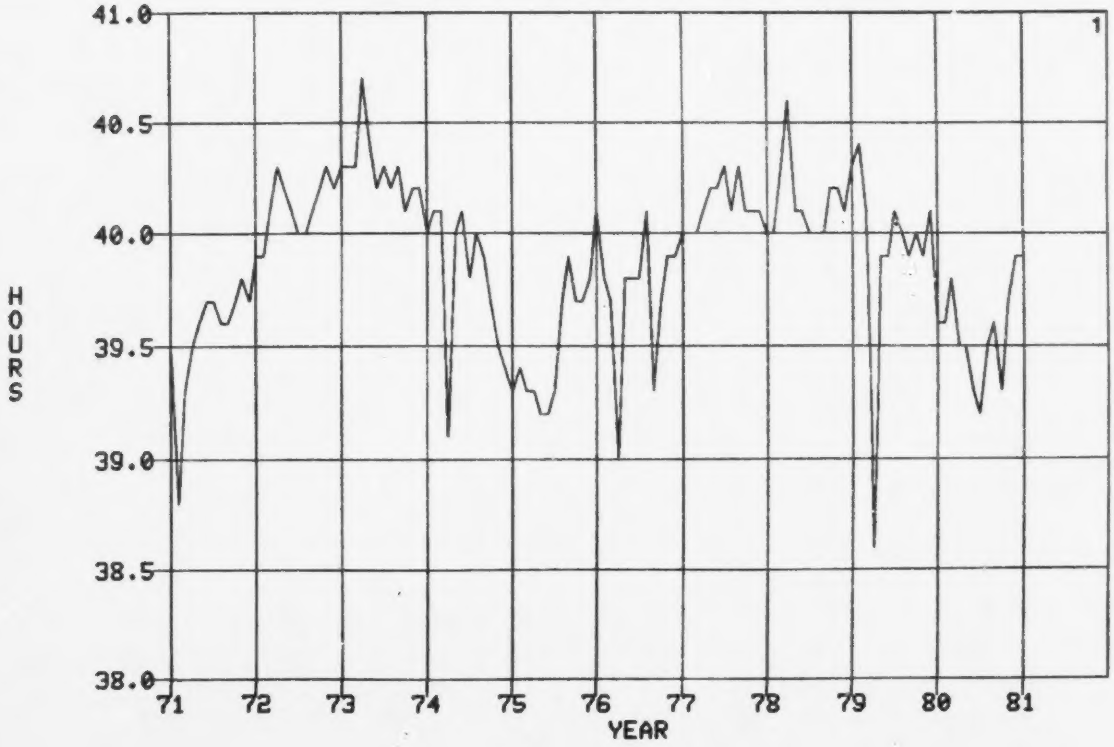
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

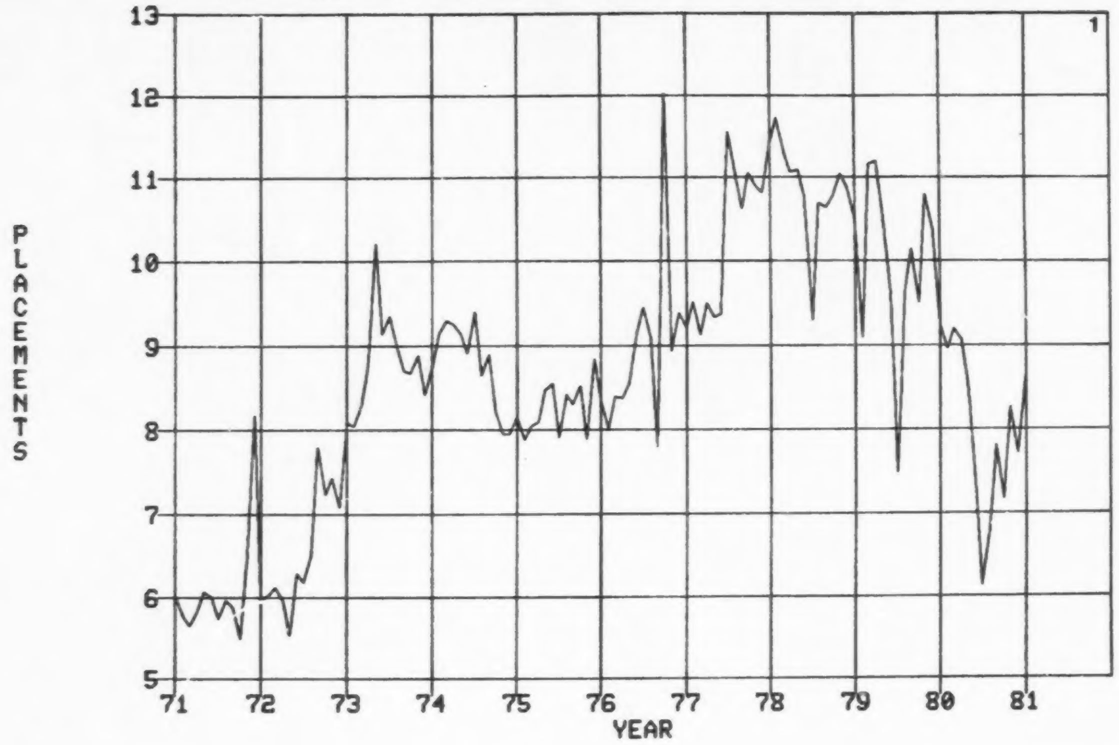
Standard Abbreviations

n.a.	Not available	p	Preliminary
e	Estimate	r	Revised

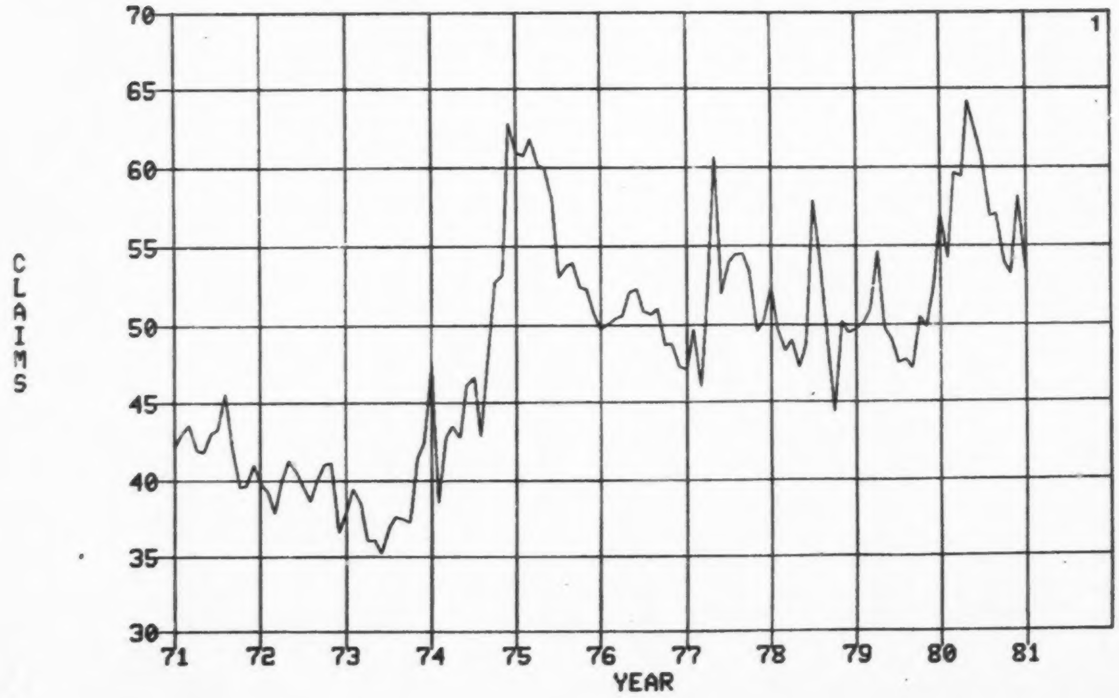

INDEX OF LEADING INDICATORS (1972=100)

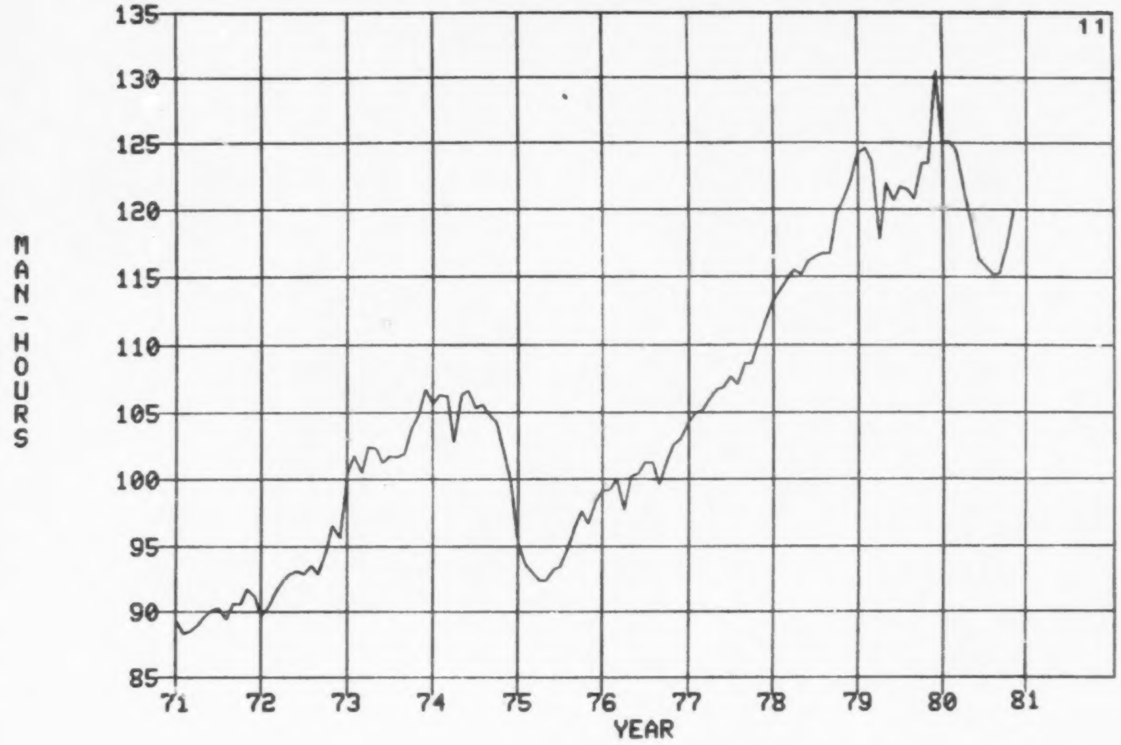

AVERAGE WEEKLY HOURS, MANUFACTURING

NONAGRICULTURAL PLACEMENTS, WEEKLY AVERAGE (IN THOUSANDS)

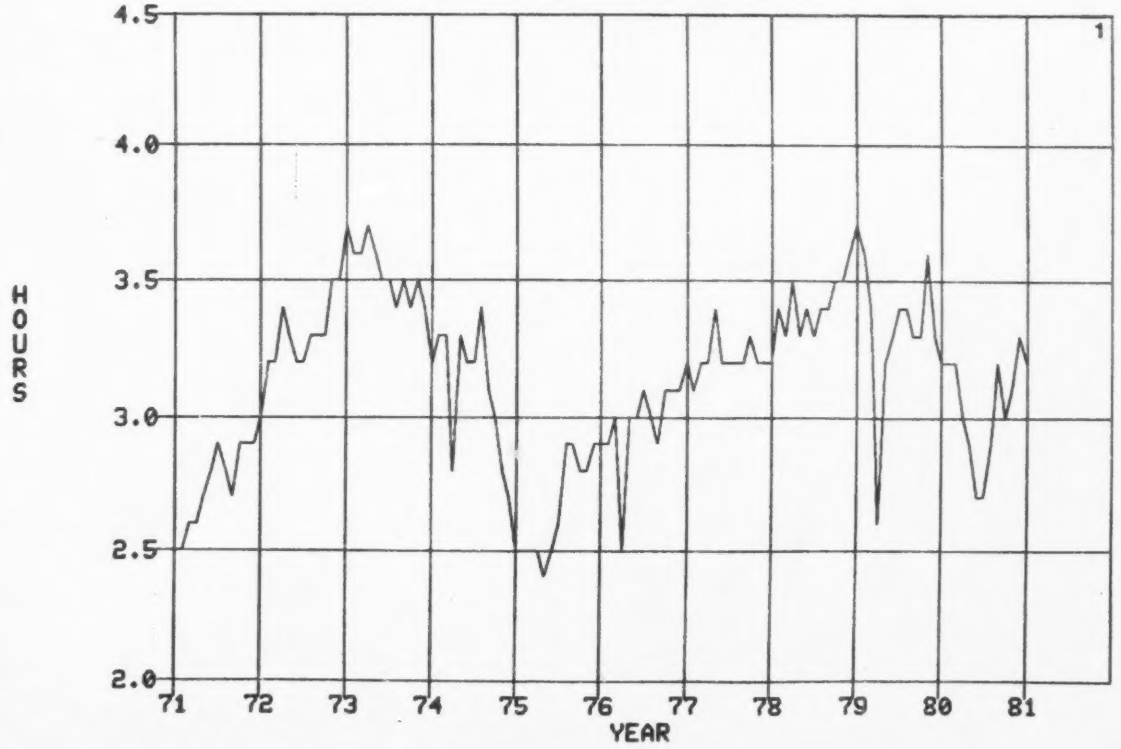


INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE,
WEEKLY AVERAGE (IN THOUSANDS)

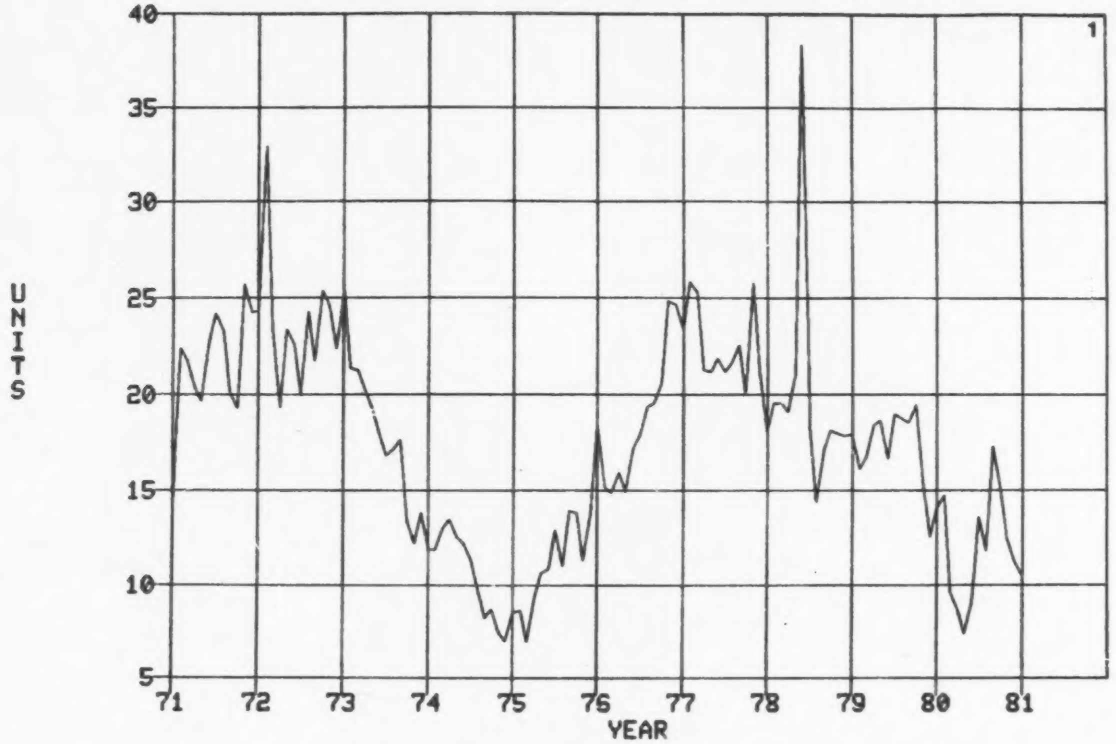




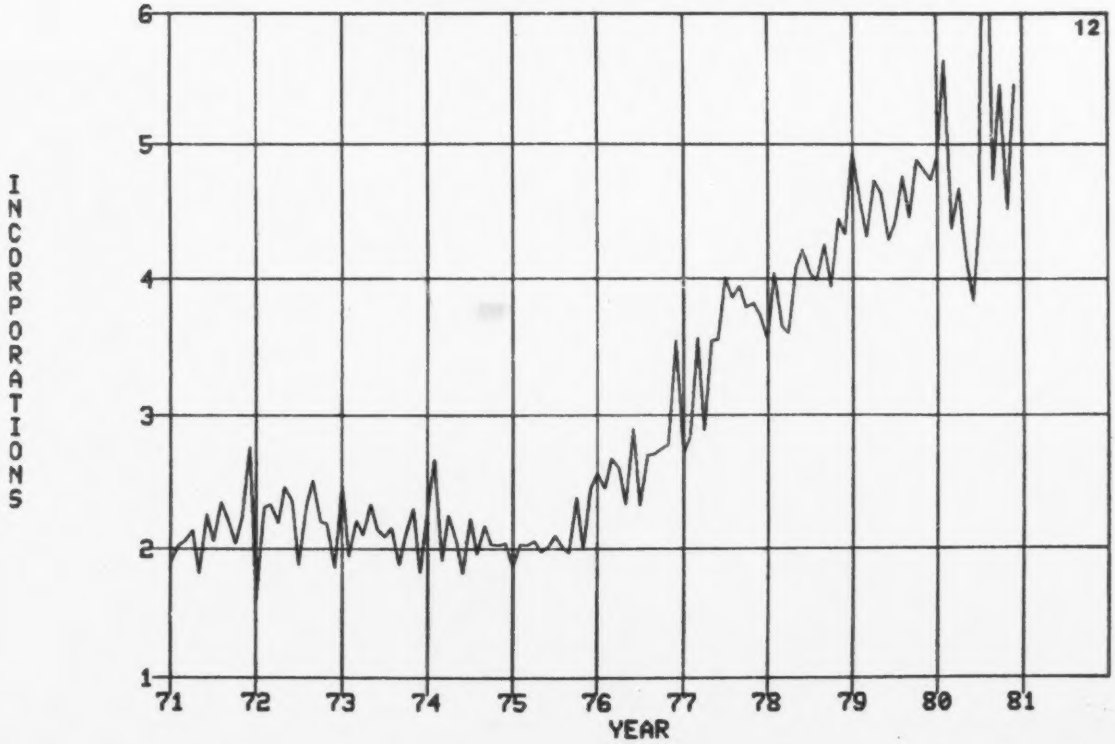
PRODUCTION WORKER MAN-HOURS (1967=100)



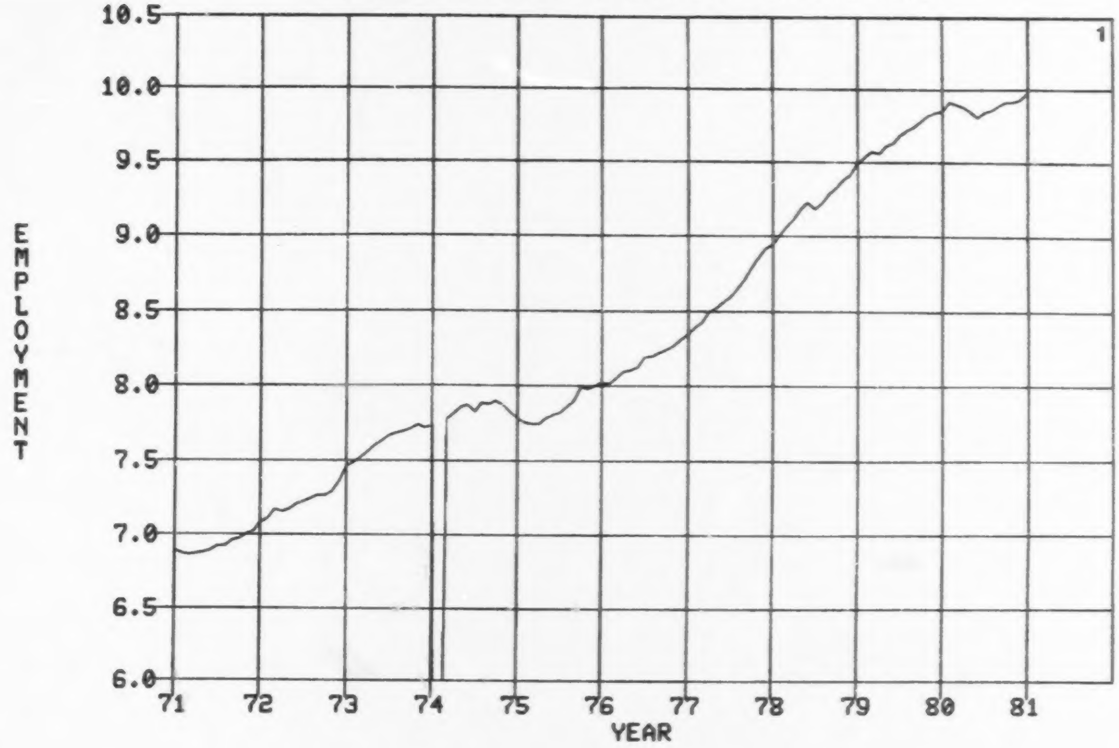
OVERTIME HOURS, MANUFACTURING



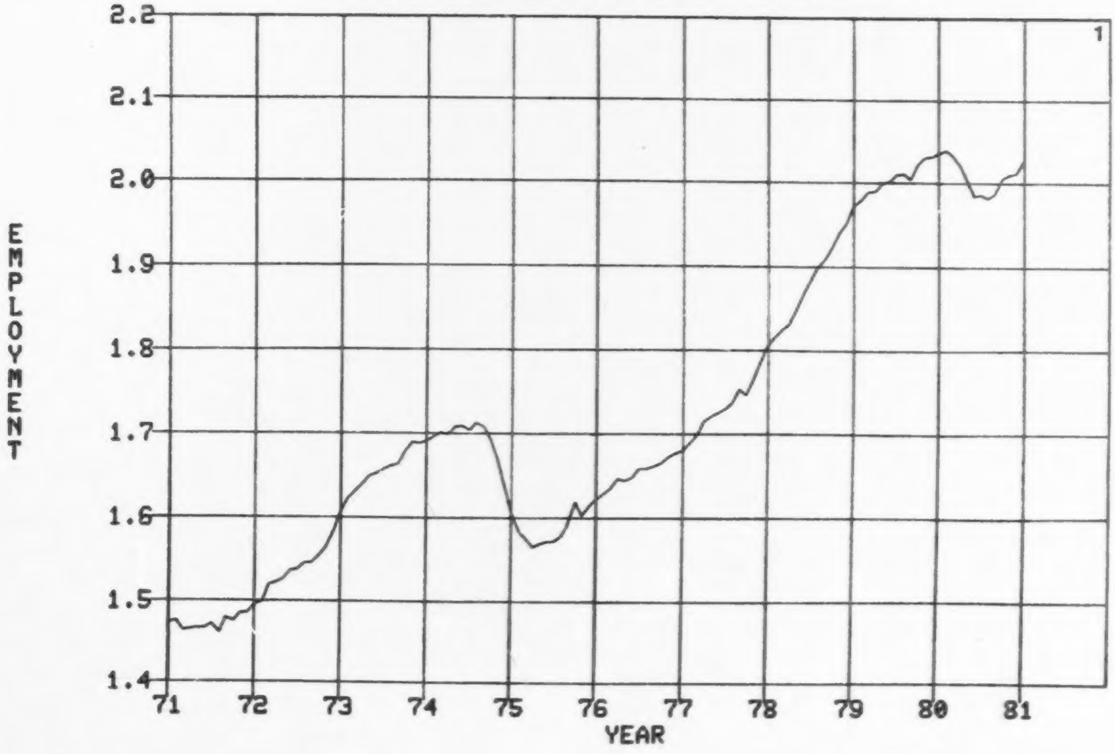
PRIVATE HOUSING UNITS AUTHORIZED (IN THOUSANDS)



NEW BUSINESS INCORPORATIONS (IN THOUSANDS)

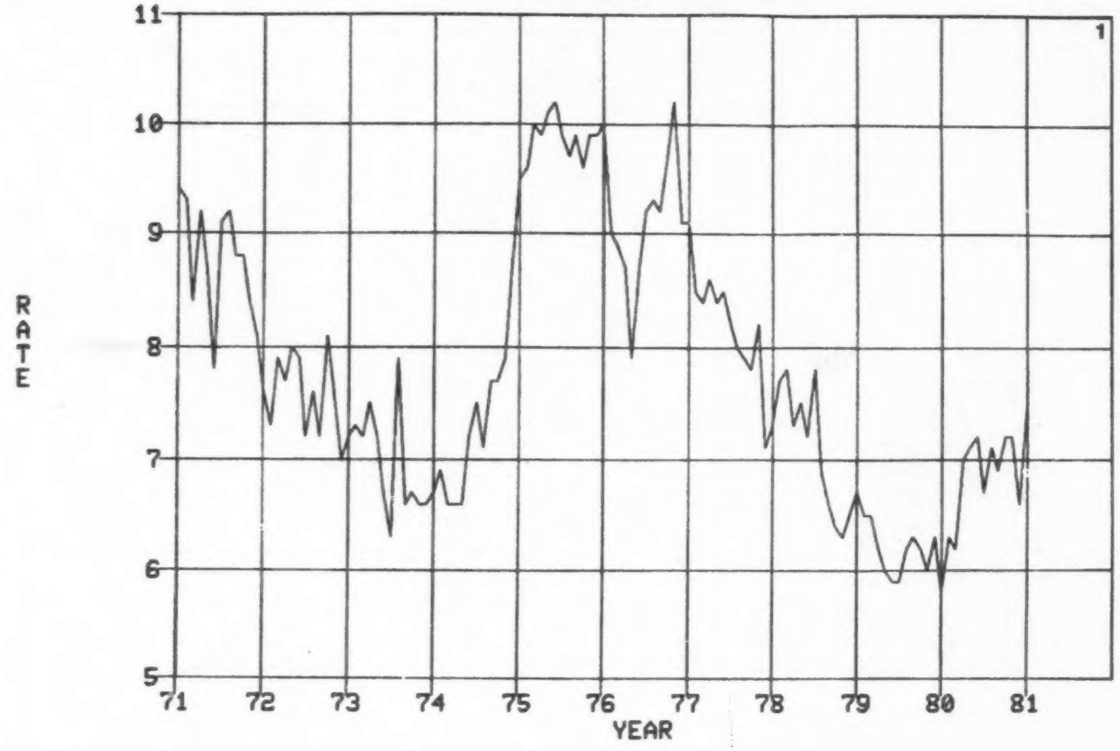


NONAGRICULTURAL EMPLOYMENT (IN MILLIONS)

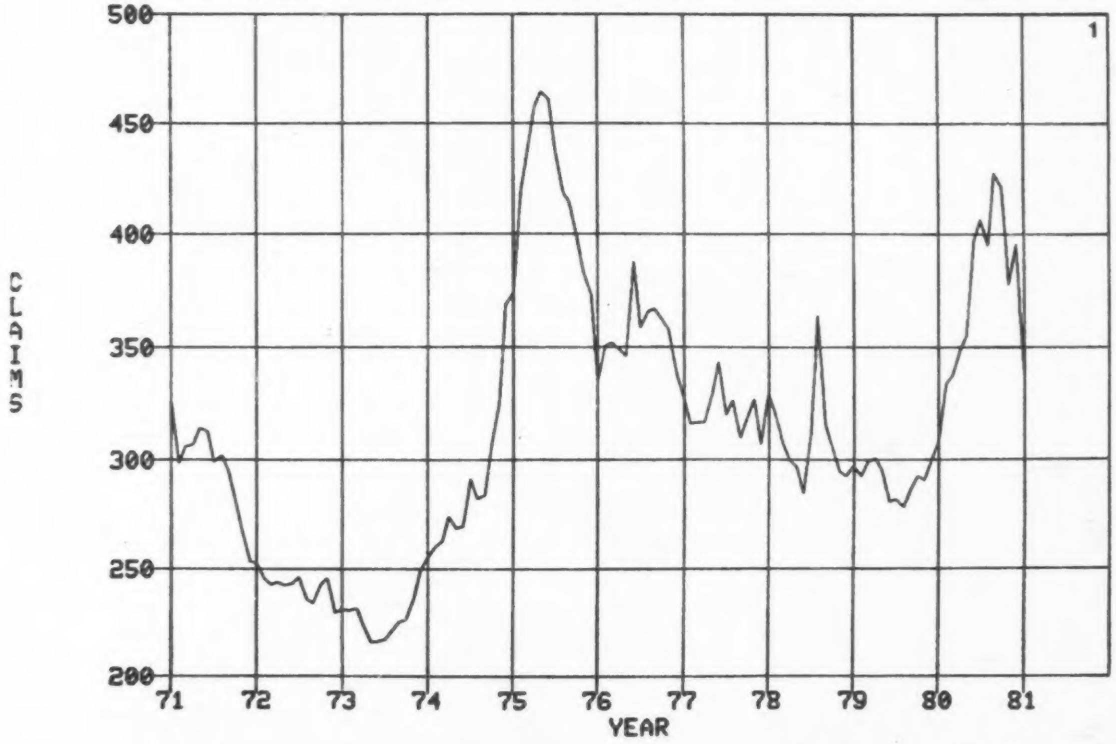


MANUFACTURING EMPLOYMENT (IN MILLIONS)

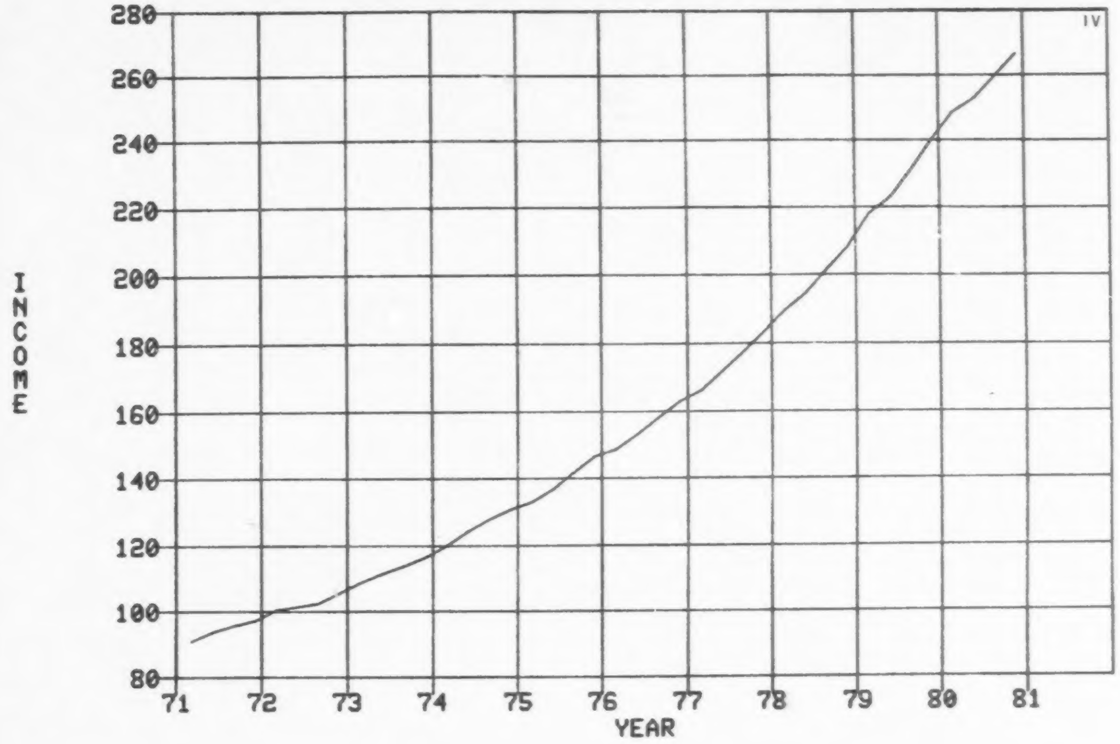
UNEMPLOYMENT RATE



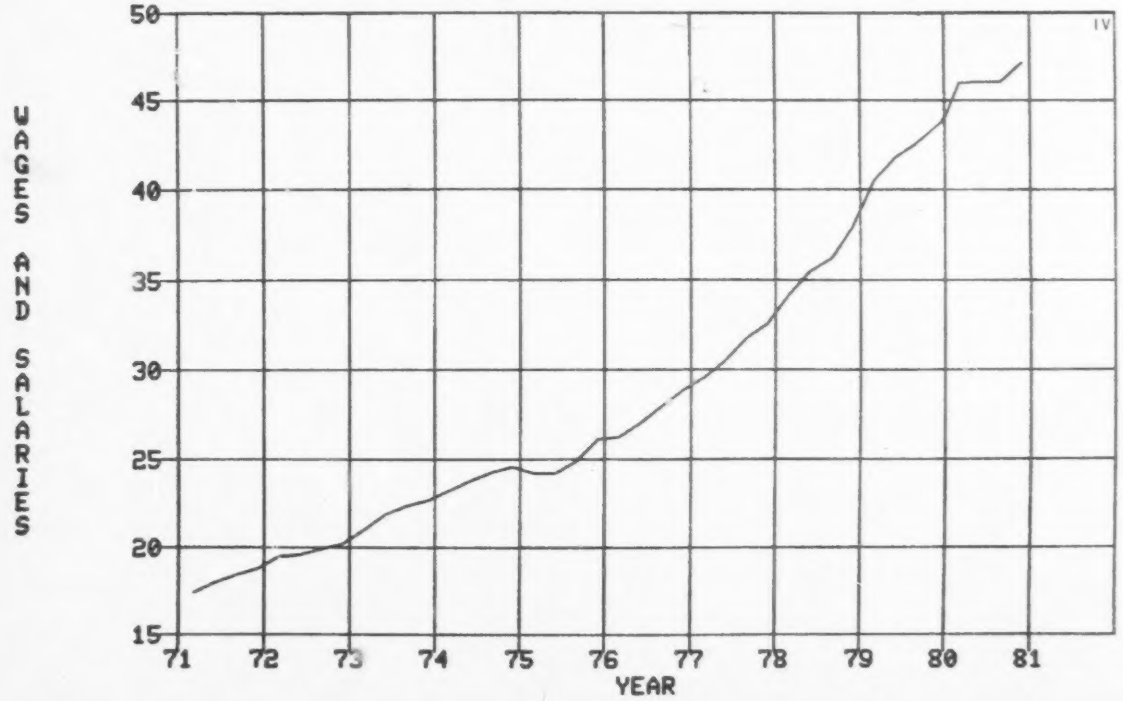
INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED (IN THOUSANDS)

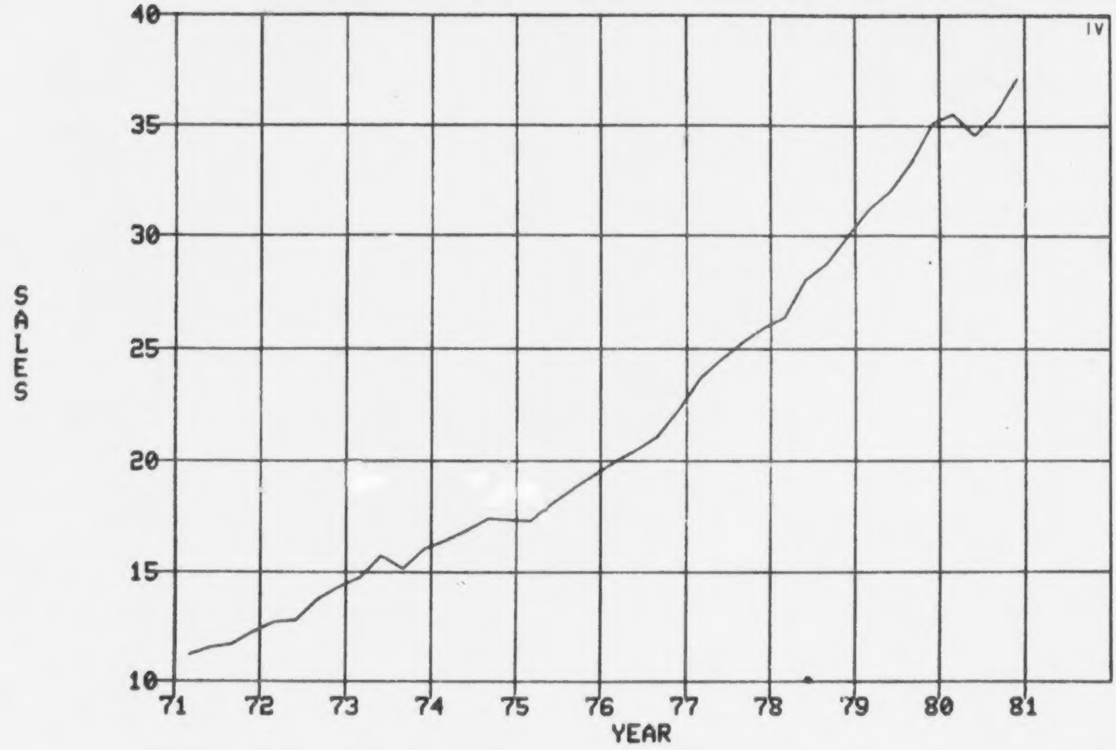


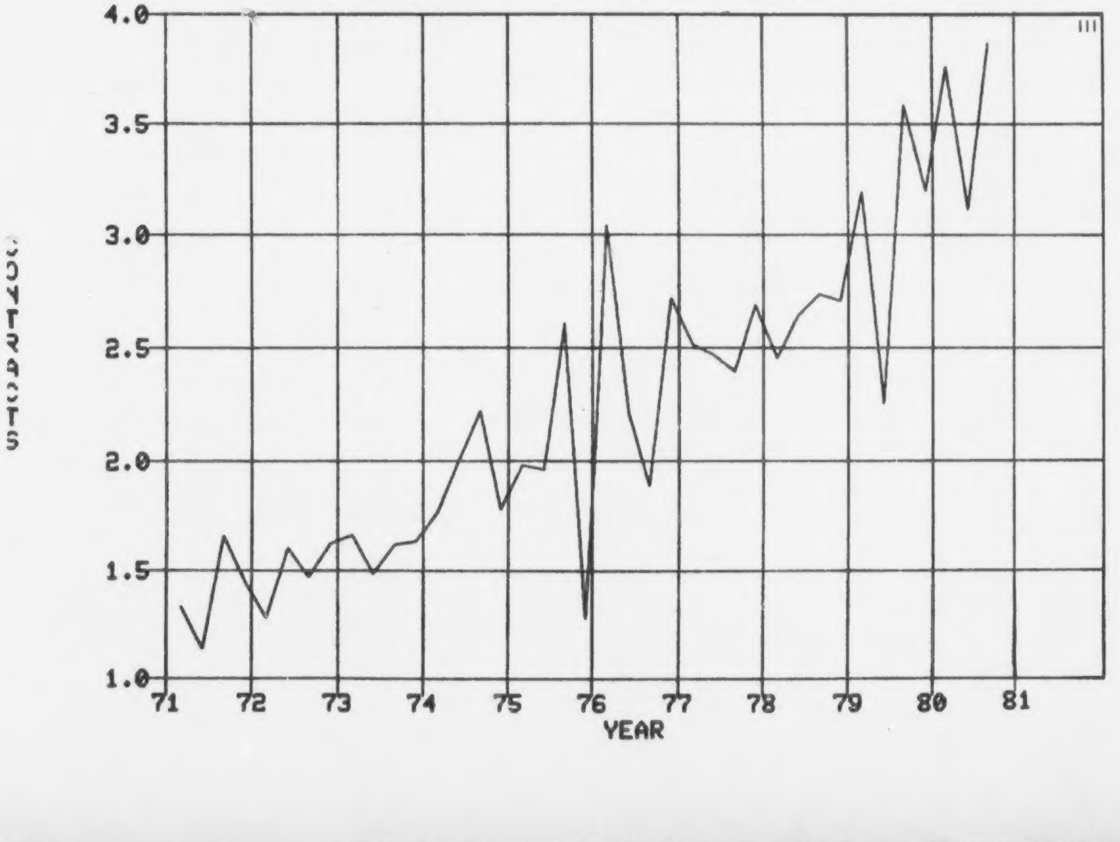
PERSONAL INCOME, QUARTERLY (IN BILLIONS OF DOLLARS)



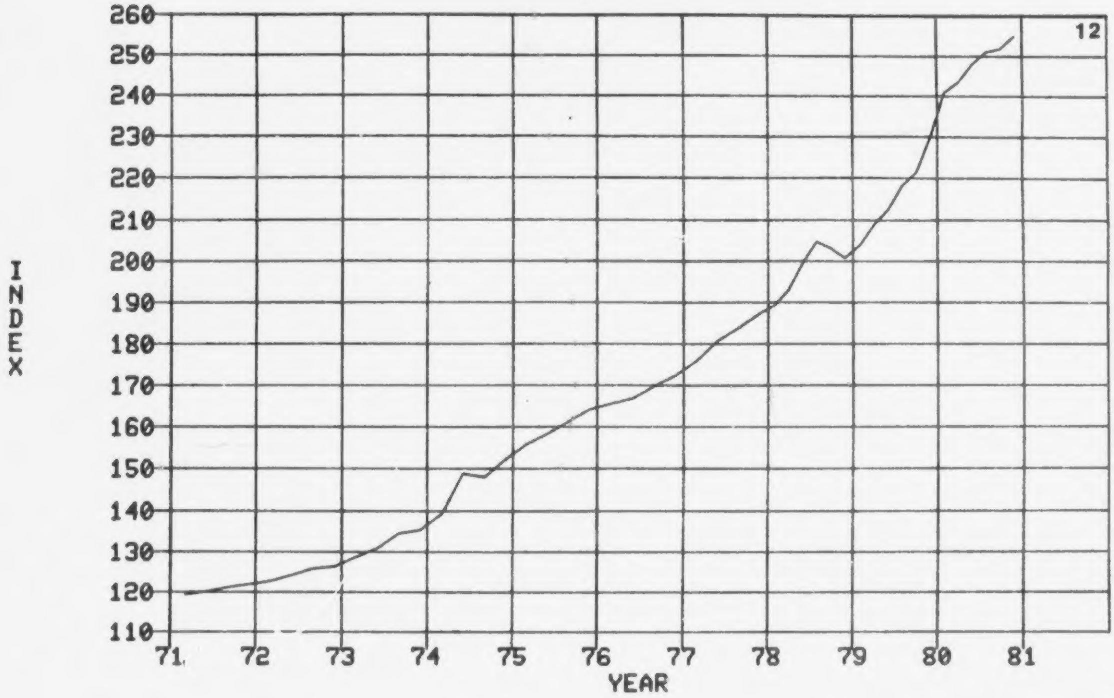
WAGES AND SALARIES FROM MINING, MANUFACTURING, AND CONSTRUCTION, QUARTERLY (IN BILLIONS OF DOLLARS)



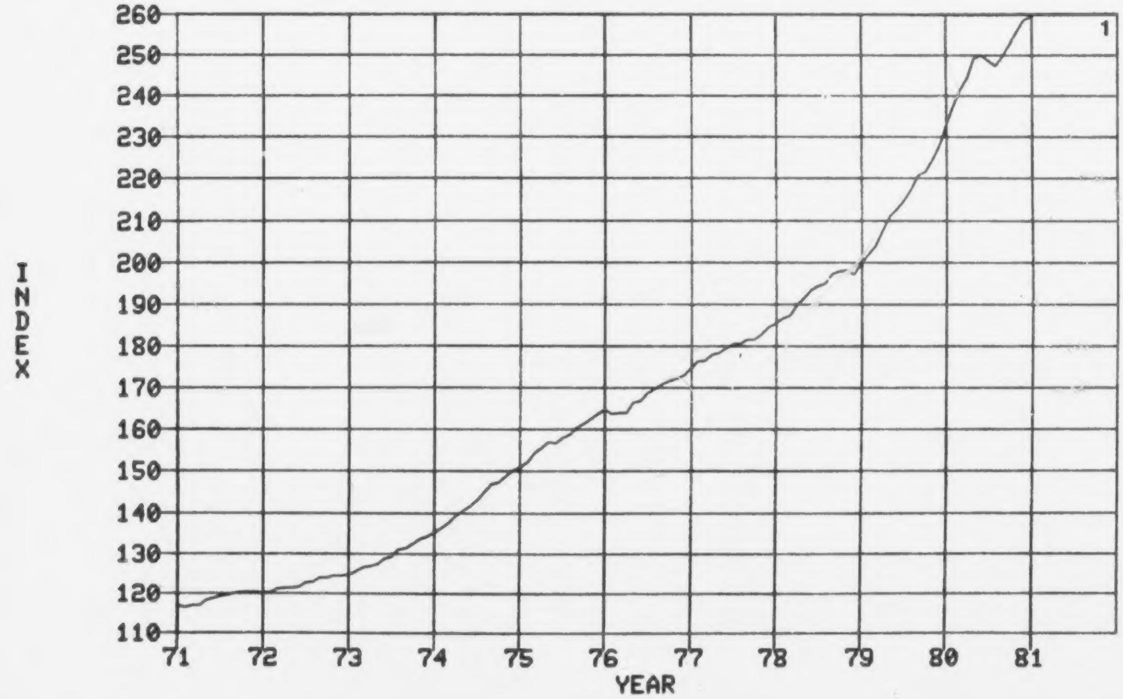

TAXABLE SALES, QUARTERLY (IN BILLIONS OF DOLLARS)


DOD PRIME CONTRACTS, QUARTERLY (IN BILLIONS OF DOLLARS)

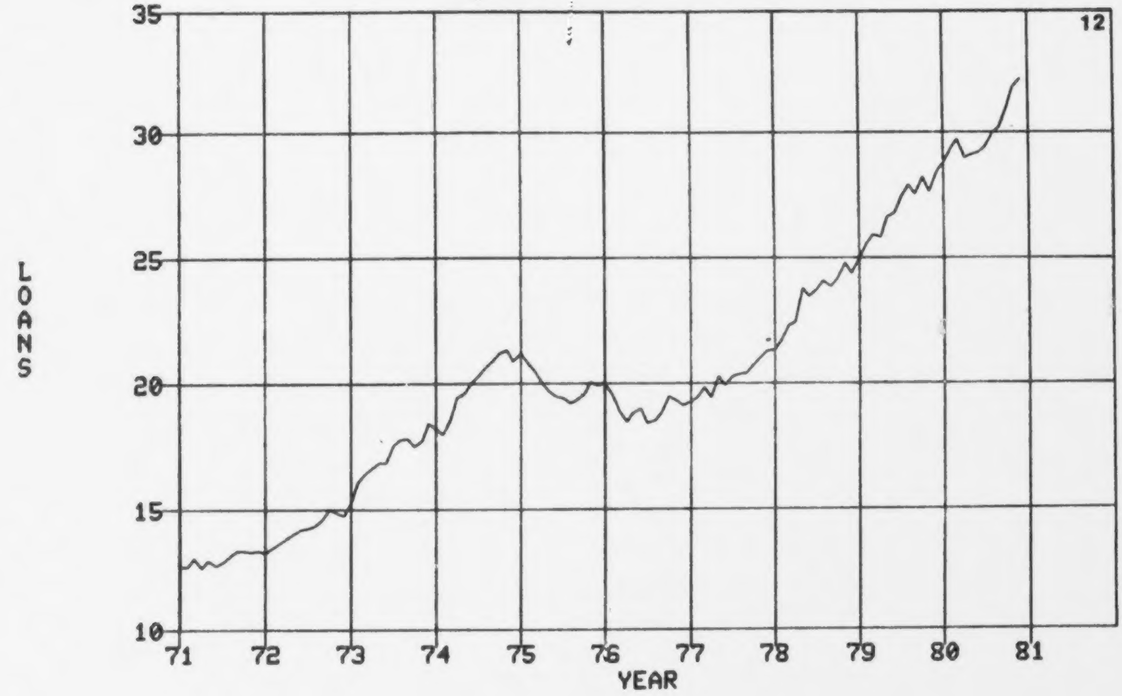
CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)



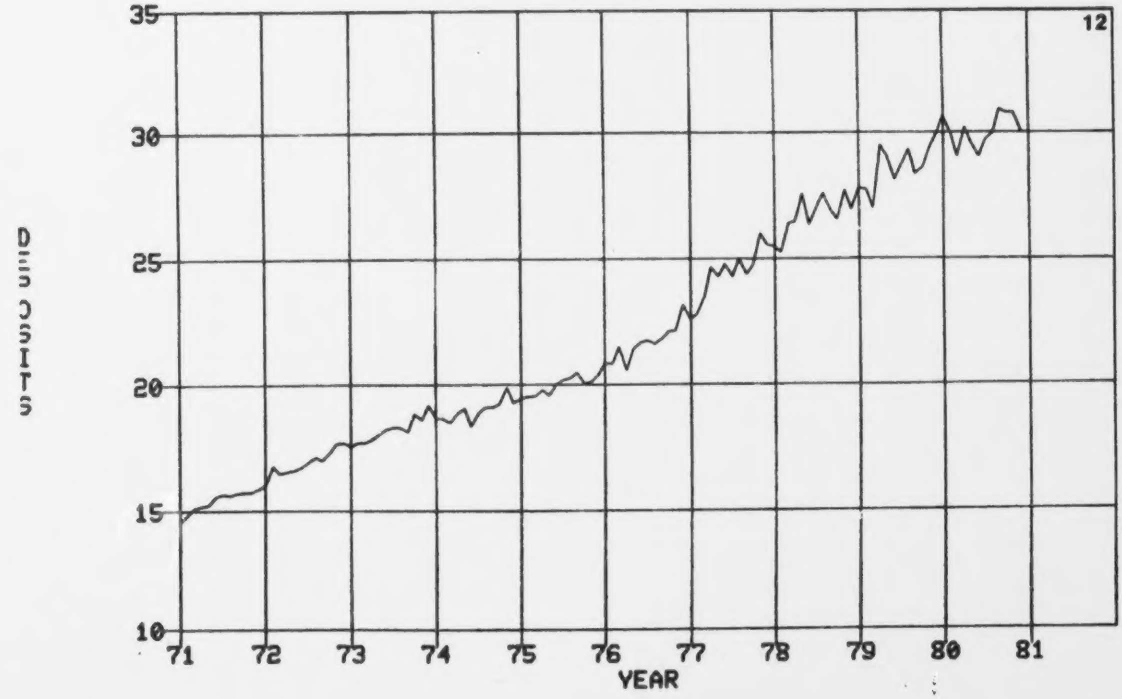
CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)

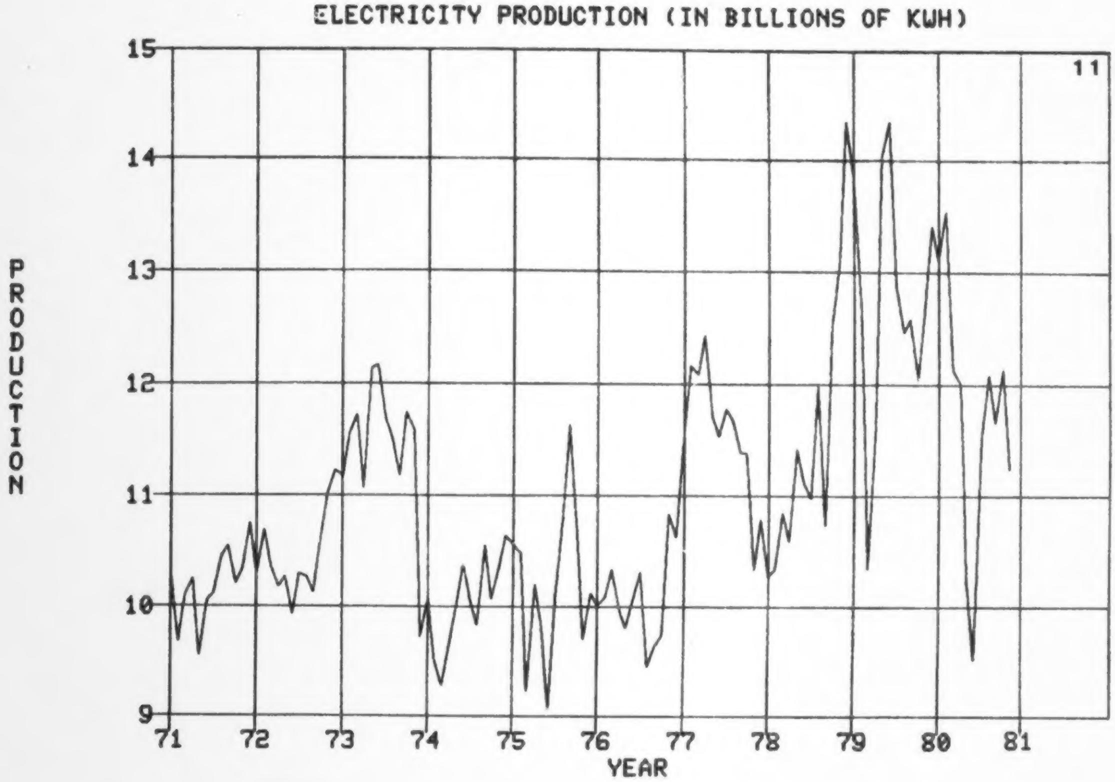


CALIFORNIA COMMERCIAL AND INDUSTRIAL LOANS
(IN BILLIONS OF DOLLARS)



CALIFORNIA DEMAND DEPOSITS ADJUSTED
(IN BILLIONS OF DOLLARS)




ELECTRICITY PRODUCTION (IN BILLIONS OF KWH)
11
PRODUCTION
15
14
13
12
11
10
9
71
72
73
74
75
76
77
78
79
80
81
YEAR

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES

(Seasonally Adjusted Except as Noted)

	Leading Indicators							
Year and Month	Index of Leading Indicators (1972=100)	Average Weekly Hours, Manufacturing	Nonagricultural Placements Weekly Avg. (thousands)	Initial Claims for Unemployment Insurance Weekly Avg. (thousands)	Production Worker Man-Hours (1967=100)	Overtime Hours Manufacturing	Private Housing Units Authorized	New Business Incorporations
1978								
January	118.0	40.0	11.4	52.4	113.2	3.2	18,092	3,556
February	119.1	40.0	11.7	49.7	114.0	3.4	19,517	4,043
March	119.1	40.3	11.3	48.3	114.9	3.3	19,560	3,652
April	120.3	40.6	11.1	49.0	115.5	3.5	19,068	3,601
May	120.4	40.1	11.1	47.3	115.2	3.3	21,075	4,086
June	122.8	40.1	10.8	48.7	116.2	3.4	38,341	4,217
July	119.4	40.0	9.3	57.9	116.5	3.3	18,361	4,046
August	121.7	40.0	10.7	54.2	116.7	3.4	14,352	3,996
September	123.6	40.0	10.6	48.9	116.7	3.4	17,117	4,252
October	125.7	40.2	10.8	44.4	119.6	3.5	18,127	3,942
November	124.8	40.2	11.0	50.2	120.8	3.5	17,973	4,440
December	124.9	40.1	10.9	49.5	122.0	3.6	17,851	4,328
1979								
January	126.5	40.3	10.5	49.7	124.1	3.7	17,887	4,934
February	126.3	40.4	9.1	50.1	124.6	3.6	16,146	4,570
March	127.4	40.1	11.2	50.9	123.6	3.4	16,714	4,315
April	123.7	38.6	11.2	54.7	117.8	2.6	18,389	4,724
May	127.1	39.9	10.5	49.9	121.9	3.2	18,629	4,632
June	127.2	39.9	9.6	49.0	120.6	3.3	16,662	4,289
July	128.1	40.1	7.5	47.5	121.7	3.4	18,961	4,420
August	129.8	40.0	9.6	47.8	121.4	3.4	18,772	4,754
September	130.6	39.9	10.2	47.2	120.8	3.3	18,534	4,445
October	130.7	40.0	9.5	50.5	123.5	3.3	19,435	4,876
November	130.7	39.9	10.8	49.8	123.5	3.6	15,543	4,813
December	130.6	40.1	10.4	52.5	130.5	3.3	12,756	4,730
1980								
January	129.4	39.6	9.3	57.1	125.1	3.2	14,049	4,901
February	131.5	39.6	9.0	54.3	125.1	3.2	14,717	5,645
March	127.8	39.8	9.2	59.6	124.4	3.2	9,599	4,366
April	123.9	39.5	9.1	59.4	121.3	3.0	8,633	4,665
May	120.1	38.5	8.5	64.2	119.1	2.9	7,371	4,179
June	120.2	39.3	7.3	62.3	116.3	2.7	9,073	3,840
July	122.0	39.2	6.1	60.6	115.8	2.7	13,592	4,432
August	125.1	39.5	6.8	56.9	115.2	2.9	11,827	4,181
September	128.8	39.6	7.8	57.1	115.3	3.1	17,261	4,736
October	128.6r/	39.3	7.2	54.0	117.3	3.0	15,027	5,455
November	131.4	39.7	8.3	53.3	119.8	3.1	12,497	4,515
December	130.3	39.9	7.7	58.2		3.3	11,264	5,455
1981								
January		39.9	8.6	53.3		3.2	10,504	

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

	Coincident Indicators						Other Indicators
Year and Month	Nonagricultural Employment[r/] (thousands)	Wages and Salaries in Mining, Manufacturing and Construction (mil dol.)[a/]	Unemployment Rate[r/]	Insured Unemployment Average Weeks Claimed (thousands)	Personal Income (mil dol.)[a/]	Taxable Sales (mil dol.)[b/]	Manufacturing Employment[r/] (thousands)
1978							
January	8,941.0		7.3	329			1,806.4
February	9,003.0	34,237	7.7	321	189,778	26,395	1,815.3
March	9,069.9		7.8	307			1,824.3
April	9,108.7		7.3	300			1,830.7
May	9,181.0	35,521	7.5	296	194,725	28,084	1,849.2
June	9,230.1		7.2	285			1,867.4
July	9,186.8		7.8	312			1,883.8
August	9,222.9	36,252	6.9	364	201,578	28,803	1,898.5
September	9,285.5		6.6	316			1,908.4
October	9,326.5		6.4	306			1,921.5
November	9,379.2	37,945	6.3	295	208,298	29,984	1,940.3
December	9,411.4		6.5	292			1,951.1
1979							
January	9,494.4		6.7	297			1,970.7
February	9,531.8	40,513	6.5	293	218,056	31,158	1,979.2
March	9,573.8		6.5	299			1,988.1
April	9,557.5		6.2	300			1,989.9
May	9,607.2	41,817	6.0	295	222,834	31,999	1,998.5
June	9,626.4		5.9	281			2,001.3
July	9,680.5		5.9	282			2,009.5
August	9,714.8	42,543	6.2	278	230,967	33,275	2,010.1
September	9,736.8		6.3	285			2,004.2
October	9,782.0		6.2	292			2,021.3
November	9,823.4	43,860	6.0	291	240,209	35,067	2,029.2
December	9,841.4		6.3	300			2,031.4
1980							
January	9,847.7		6.0	308			2,035.2
February	9,914.8	45,943	6.3	334	248,471[r/]	35,507	2,038.7
March	9,901.5		6.2	337			2,031.7
April	9,881.1		7.0	348			2,020.7
May	9,852.5	46,034	7.1	355	252,615[r/]	34,537	2,003.6
June	9,807.5		7.2	397			1,984.5
July	9,843.4		6.7	406			1,985.1
August	9,852.8	46,027[r/]	7.1	395	259,487[r/]	35,520	1,982.2
September	9,887.9		6.9	427			1,987.2
October	9,917.2		7.2	421			2,005.0
November	9,916.3	47,137	7.2	378	26,670	37,140	2,008.6
December	9,928.6		6.6	396			2,011.8
1981							
January	9,983.3		7.5	338			2,027.1

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

	Other Indicators									
		Consumer Price Index (1967=100)c/								
		San Francisco			Los Angeles					
		Wage Earner and Clerical Worker			Wage Earner and Clerical Worker					
Year and Month	DOD Prime Contracts (mil dol.)b/	Old Series	New Series	All Urban	Old Series	New Series	All Urban	California Commercial and Industrial Loans (mil dol.)	California Demand Deposits Adjusted (mil dol.)	Electricity Production (mil KWH)
1978										
January		--	--	--	185.4	185.6	185.5	21,329	25,478	10,280
February	2,458	--	189.5	189.2	185.8	186.8	186.5	21,654	25,240	10,338
March		191.0	--	--	186.9	187.1	187.4	22,265	26,367	10,843
April		--	192.4	192.8	188.9	188.9	189.6	22,395	26,480	10,591
May	2,642	--	--	--	190.9	191.2	191.5	23,779	27,587	11,411
June		196.8	198.7	199.3	193.1	193.0	193.4	23,457	26,345	11,127
July			--	--		194.3	194.3	23,727	27,057	10,976
August	2,739		204.0	204.7		194.7	194.9	24,061	27,550	11,983
September			--	--		196.9	197.3	23,853	26,931	10,738
October			202.6	203.2		197.2	197.8	24,178	26,545	12,525
November	2,710		--	--		197.5	198.1	24,790	27,695	13,094
December			200.4	200.8		197.0	197.1	24,390	26,956	14,349
1979										
January			--	--		199.7	199.6	24,955	27,782	13,853
February	3,191		204.2	203.9		202.3	201.9	25,563	27,761	12,653
March			--	--		204.4	203.8	25,917	27,011	10,343
April			209.3	208.8		208.8	207.8	25,836	29,474	11,624
May	2,255		--	--		212.4	211.0	26,618	29,038	14,024
June			213.7	212.5		214.5	212.9	26,786	28,141	14,348
July			--	--		216.8	214.7	27,380	28,715	12,896
August	3,586		218.6	218.3		219.6	217.5	27,864	29,326	12,469
September			--	--		223.0	220.7	27,517	28,360	12,585
October			220.8	221.5		224.0	221.8	28,191	28,613	12,047
November	3,196		--	--		225.8	224.2	27,628	29,341	12,642
December			229.0	230.2		229.9	228.0	28,396	29,951	13,411
1980										
January			--	--		235.0	232.6	28,763	30,657	13,114
February	3,759		240.0	240.7		240.0	237.6	29,315	29,968	13,545
March			--	--		243.9	241.3	29,691	29,037	12,131
April			242.8	243.5		247.8	244.6	28,967	30,181	12,012
May	3,115		--	--		252.6	249.1	29,091	29,577	10,222
June			247.7	248.0		253.4	250.1	29,203	29,049	9,527
July			--	--		251.5	248.7	29,414	29,714	11,498
August	3,868		251.4	251.0		250.1	247.3	29,979	29,981	12,089
September			--	--		251.6	249.6	30,175	30,939	11,654
October			252.6	251.9		254.9	252.6	30,961	30,809	12,139
November			--	--		258.4	255.5	31,832	30,802	11,239
December			255.7	254.9		262.2	258.7	32,213	30,041	
1981										
January			--	--		262.7	259.4			

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a/Quarterly data, annual basis.
b/Quarterly data.
c/Not adjusted for seasonal variation.
r/Revised

2943A

CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

1961

February 17-23	National airline strike.
March 9-13	California dock strike by Teamsters.
May 5	Minimum wage legisation signed: $1.15 for 2 years, $1.25 thereafter.
June 16-July 4	National maritime strike. Strike resumed September 28-October 12 against owners of 1/3 West Coast merchant fleet.
August 11	Duty exemption for U.S. travelers returning from abroad cut from $500 to $100.
August 26	American Motors Corporation--UAW profit-sharing pact announced.
September 6-24	UAW-GM strike.
October 3-15	UAW-Ford strike.

1962

January 1	Federal Reserve Board and Federal Deposit Insurance Corporation authorize commercial banks to raise interest rates to 3-1/2 percent on all savings and time deposits of six months or longer, and to 4 percent on deposits of one year or more.
March 16-April 11	West Coast maritime strike.
May 1-June 26	Northern California construction strike. Southern California strike, June 18-27. San Diego strike, June 21-July 10.
May 28	"Blue Monday." Dow Jones Industrial Average dow 34.95 points, sharpest drop since October 28, 1929. Week of May 21-25: average down 38.82, largest one-week decline on record.
July 10	Stock margin requirements cut from 70 percent to 50 percent.
July 11	Revision of depreciation schedules announced by Treasury.

1963

October 18	Commercial bank reserve requirements against time deposits reduced from 5 percent to 4 percent.
June 5	Silver backing for Treasury silver certificates removed to ease pressure on silver prices. Sale of silver from Treasury stockpile started September 12.
July 17	Discount rate raised from 3 percent to 3-1/2 percent.
November 5	Stock margin requirements raised from 50 percent to 70 percent.
November 22	President Kennedy assassinated.

1964

February 26	Federal income tax cut measure signed into law. Reflected in withholding rates effective March 5. Individual tax rates cut from 20 percent to 91 percent range to 14 percent to 70 percent range. Corporation reduction to 48 percent from 52 percent.
September 25-November 8	UAW strike against GM.
November 23	Discount rate increased from 3-1/2 percent to 4 percent.
December 22-24	Northern Calfornia floods.

1965

March 1-23	Strike by steel workers at American and Continental can companies.
June 16-August 7	Northern California construction strike.
June 17-July 19	Southern California construction strike.
August 11-17	Los Angeles riots, Watts area.
December 6	Discount rate raised from 4 percent to 4-1/2 percent.

CHRONOLOGY--Continued

1965--Continued

December 13	Permitted interest on savings accounts raised from 4-1/2 percent to 5-1/2 percent under Regulation Q.

1966

January 1	Increased social security taxes in effect.
February 8	FHA interest rate raised from 5-1/4 percent to 5-1/2 percent, no change in 1/2 percent loan insurance rate.
March 11	Prime rate raised from 5 percent to 5-1/2 percent in Eastern financial markets.
March 16	Auto excise tax raised from 6 percent to 7 percent.
April 1	Telephone excise tax of 10 percent reinstated.
April 12	FHA interest rate increased from 5-1/2 percent to 5-3/4 percent.
May 1	Increased withholding tax rates in effect.
June 30	Prime rate raised from 5-1/2 percent to 5-3/4 percent in New York, Chicago.
July 8-August 20	Airline strike.
August 16	Prime rate up to 6 percent, Eastern cities.
October 3	FHA interest rate raised from 5-3/4 percent to 6 percent.
October 10	Suspension of 7 percent investment credit and accelerated depreciation allowance.

1967

January 26	Prime rate lowered from 6 percent to 5-1/2 percent.
February 1	Minimum wage increased to $1.40 from $1.25 per hour.
March 9	Investment tax credit and accelerated depreciation allowance reinstated.
April 7	Discount rate lowered from 4-1/2 percent to 4 percent.

1967--Continued

April 21-July 26	Rubber strike.
July 15-March 20, 1968	Copper strike.
August 30	Steel price rises announced.
September 6-October 25	UAW strike against Ford.
November 20	Discount rate raised from 4 percent to 4-1/2 percent. Prime rate increased from 5-1/2 percent to 6 percent.
December 15	Los Angeles (Herald Examiner) newspaper strike.
December 27	Increase of 1/2 percent in reserve requirements announced. Effective in two stages during January 1968.

1968

January 1	Wage base for social security contributions raised from $6,600 to $7,800.
January 5-February 25	San Francisco newspaper strike.
February 1	Minimum wage increased to $1.60 from $1.40 per hour.
March 1	Increase in social security benefit payments, averaging 13 percent.
March 15	Discount rate raised from 4-1/2 percent to 5 percent. San Francisco increase effective March 18; New York up March 22. Highest level since 1929.
March 15-April 1	Trading in London gold market suspended. Two-price system for gold effective March 18 by London gold pool countries.
April 1	Personal income tax surcharge. See June 28.
April 1-June 13	San Francisco area machinists and electrical workers strike.
April 19	Discount rate raised to 5-1/2 percent. Prime rate increased from 6 percent to 6-1/2 percent.
May 7	FHA interest rate raised from 6 percent to 6-3/4 percent.
May 16	UAW suspended from AFL-CIO.

CHRONOLOGY--Continued

1968--Continued

June 8	Stock margin requirements raised from 70 percent to 80 percent.
June 28	Tax surcharge and $6 billion Federal spending cut legislation signed by President Johnson. 10 percent surcharge retroactive to April 1 for individuals, January 1 for corporations.
July 15	Increased personal income tax withholding in effect.
August 16-29	Federal reserve discount rate lowered from 5-1/2 percent to 5-1/4 percent.
September 25	Prime rate lowered from 6-1/2 percent to 6 percent by Chase Manhattan. (Subsequent reduction by other banks to 6-1/4 percent. Chase Manhattan rate raised to 6-1/4 percent effective November 13.)
December 2	Prime rate raised from 6-1/4 percent to 6-1/2 percent.
December 18	Federal Reserve discount rate raised from 5-1/4 percent to 5-1/2 percent. Prime rate raised from 6-1/2 percent to 6-3/4 percent.

1969

January 1	Social security contribution rate increased to combined 9.6 percent.
January 7	Prime rate raised from 6-3/4 percent to 7 percent.
January 24	FHA interest rate raised from 6-3/4 percent to 7-1/2 percent.
March 17	Prime rate raised from 7 percent to 7-1/2 percent.
April 3	Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised.
June 9	Prime rate raised from 7-1/2 percent to 8-1/2 percent.
June 12	Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent.

1970--Continued

October 27-February 1970	General Electric strike.

1970

January 1	Personal income tax surcharge reduced to 5 percent. Withholding cut.
January 5	FHA interest rate raised from 7-1/2 percent to 8-1/2 percent.
January 21	Increased schedule of interest rates on time deposits and certificates of deposit in effect.
March 25	Prime rate reduced from 8-1/2 percent to 8 percent.
April 2-June 2	Teamster strike.
May 6	Stock margin requirement cut from 80 percent to 65 percent.
July 1	Personal income tax surcharge removed.
September 14-November 23	UAW strike against GM.
September 22	Prime rate reduced from 8 percent to 7-1/2 percent.
November 10	Discount rate reduced from 6 percent to 5-3/4 percent.
November 12	Prime rate reduced from 7-1/2 percent to 7-1/4 percent.
November 23	Prime rate reduced from 7-1/4 percent to 7 percent.
December 1	Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent.
December 20	13-week extended duration unemployment benefits in effect.
December 22	Prime rate reduced from 7 percent to 6-3/4 percent.

1971

January 6	Prime rate reduced from 6-3/4 percent to 6-1/2 percent.

CHRONOLOGY--Continued

1971--Continued

January 8	Discount rate reduced from 5-1/2 percent to 5-1/4 percent.
January 12	FHA interest rate reduced from 8 percent to 7-1/2 percent.
January 15	Prime rate reduced from 6-1/2 percent to 6-1/4 percent.
January 18	Prime rate reduced from 6-1/4 percent to 6 percent.
January 19	Discount rate reduced from 5-1/4 percent to 5 percent.
February 4	Rolls Royce bankruptcy announced.
February 9	Los Angeles earthquake.
February 12	Discount rate reduced from 5 percent to 4-3/4 percent.
February 16	Prime rate reduced from 6 percent to 5-3/4 percent.
February 23	Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered.
March 16	Prime rate reduced from 5-3/4 percent to 5-1/2 percent.
March 17	Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972.
March 25	SST program terminated.
April 1	Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent.
April 23	Prime rate raised from 5-1/4 percent to 5-1/2 percent.
May 1	Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent.
May 17-18	Rail strike.
June 1-July 27	Communications workers strike against Western Union.

1971--Continued

June 15-21	Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7.
June 29-July 16	Northern California construction strike.
July 1-October 6	West Coast dock strike.
July 14-August 2	Telephone strike.
July 15	Discount rate raised from 4-3/4 percent to 5 percent.
July 16-August 2	Rail strike.
July 31	Steel strike averted by accord on contract.
August 2	Lockheed loan guarantee approval.
August 3	Teamsters walkout in Northern California against building contractors.
August 15-November 13	President's economic policy message; 90-day wage-price freeze in effect.
October 1	East and Gulf Coast longshoremen's strike.
October 20	Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4.
November 11	Discount rate reduced from 5 percent to 4-3/4 percent.
November 14	Phase II of NEP in effect.
December 6	Stock margin requirements cut from 65 percent to 55 percent.
December 10	Revenue Act of 1971 signed into law.
December 13	Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.*
	Intent to devalue U.S. dollar announced.

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

CHRONOLOGY--Continued

1972

January 17-February 20	West Coast dock strike continued.
February 1-March 15	Kaiser Steel Company strike.
July 1	20 percent increase in social security benefits signed into law. Effective September.
September 11	Opening of BART Fremont-Oakland line.
September 21	"Friends of Mammoth" decision.
November 24	Stock margin requirements raised to 65 percent.

1973

January 11	Phase III of NEP in effect.
January 15	Discount rate raised from 4-1/2 percent to 5 percent.
January 27	Viet Nam cease fire signed.
January 29	Opening of BART Richmond-Oakland line.
February 12	10 percent devaluation of U.S. dollar announced.
March 2	Major foreign currency exchanges closed.
March 29	Price controls of meat announced.
April 9-13	Consumer meat boycott.
April 23	Discount rate raised from 5-1/2 percent to 5-3/4 percent.
May 10	Discount rate raised from 5-3/4 percent to 6 percent.
June 11	Discount rate raised from 6 percent to 6-1/2 percent.
June 14	60-day price freeze announced.
July 2	Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits.
July 6	Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent.

1973--Continued

July 18	Phase IV announced.
August 27	Prime rate at 9-3/4 percent in major institutions.
October 17	Arab nations announce reductions in oil shipment.
November 5-December 18	TWA strike.

1974

January 3	Stock margin requirements cut from 65 percent to 50 percent.
February 1-11	Independent truckers strike, midwest and east coast.
February 15	Prime rate reduced to 9 percent.
February 22	Prime rate reduced to 8-3/4 percent.
March 4	California minimum wage increased to $2.00 per hour from $1.65.
March 18	Arab oil embargo lifted.
March 27	Prime rate increased to 9 percent from 8-3/4 percent.
March 28	Prime rate further increased to 9-1/2 percent.
April 25	Federal Reserve raised discount rate to 8 percent from 7-1/2 percent.
April 29	Prime rate up to 10-3/4 percent.
April 30	Phase IV controls lifted in approximately 165 sectors of the economy.
June 17-August 4	San Diego construction strike.
June 17-July 21	Northern California construction strike.
July 1-Mid-August	Southern California construction strike.
July 1	Transit strikes, San Francisco Bay Area.
August 2-October 21	Los Angeles area transit strike.
August 8	Resignation of President Nixon announced.

CHRONOLOGY--Continued

1974--(Continued)

August 14	FHA mortgage rate raised to 9-1/2 percent. Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes: October 21......11 1/2 percent October 28......11 1/4 percent November 4 .....11 percent November 14.....10 3/4 percent November 25.....10 1/2 percent
October 8	Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks.
November 12-December 9	Coal strike.
December 9	Discount rate reduced from 8 percent to 7-3/4 percent.

1975

January 6	Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent.
January 10	Oil Chemical Atomic Workers Union strike.
January 13	Prime rate reduced to 10 percent. Further major cuts as follows: Jannuary 21.....9 3/4 percent January 31......9 percent February 6......8 3/4 percent February 19.....8 1/2 percent March 3.........8 1/4 percent March 8.........8 percent
January 21	FHA mortgage rate reduced from 9 percent to 8-1/2 percent.
February 5	Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent.
March 10	Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent.
March 24	Prime rate reduced to 7-1/2 percent by most major banks.
March 25	King Faisal assassinated.
March 29	Tax reduction act signed into law.
May 19	Prime rate reduced to 7-1/4 percent by several major banks.
June 10	Prime rate reduced to 7 percent by most banks.

1975--Continued

July 18	Prime rate increased to 7-1/4 percent. Further gains as follows: July 25.........7-1/2 percent August 11.......7-3/4 ercent September 15....8 percent
September 1	National Airlines strike.
October 16	Reserve requirement on time deposits reduced from 3 percent to 1 percent.
October 24	Prime rate reduced to 7-3/4 percent. Further reductions as follows: October 31......7-1/2 percent November 21.....7-1/4 percent
December 5-19	United Airlines strike.

1976

January 12	Prime rate lowered to 7 percent.
January 19	Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent.
January 21	Prime rate reduced to 6-3/4 percent.
April 1-3	Teamsters strike.
April 9-June 4	Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks.
April 21	Rubber workers strike.
July 20-August 2	Cannery workers strike.
August 2	Prime rate reduced to 7 percent. Further reductions as follows: October 4.......6-3/4 percent October 29......6-1/2 percent December 10.....6-1/4 percent
September 15-October 13	Auto workers strike.
October 18	California minimum wage raised to $2.50 per hour.
December 22	Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent.

1977

May 16	Prime rate raised to 6-1/2 percent.

CHRONOLOGY--Continued

1977--Continued

May 31	Prime rate raised to 6-3/4 percent.
August 22	Prime rate raised to 7 percent.
August 30	Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974.
September 16	Prime rate raised to 7-1/4 percent.
October 1-November 24	Longshoremen's strike against East and Gulf Coast ports.
October 7	Prime rate raised to 7-1/2 percent.
October 10-January 4	IAM-Lockheed strike.
October 24	Prime rate raised from 7-1/2 percent to 7-3/4 percent.
October 26	Discount rate raised from 5-3/4 percent to 6 percent.
December 6-March 24	United Mine Workers strike.

1978

January 1	U.S. minimum wage increased to $2.65 per hour.
January 9	Discount rate raised from 6 percent to 6-1/2 percent.
January 10	Prime rate raised to 8 percent.
February 28	FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent.
April 1	California minimum wage increased from $2.50 to $2.65 per hour.
April 1-May 28	United Airlines strike.
May 4	Prime rate raised from 8 percent to 8-1/4 percent.
May 8	California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent.
May 12	Discount rate raised to 7 percent.

1978--Continued

May 23	Federal funds rate increased to 7-1/2 percent. FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent.
May 26	Prime rate raised from 8-1/4 percent to 8-1/2 percent.
June 6	Proposition 13 approved by California voters.
June 16	Prime rate raised to 8-3/4 percent.
June 20	OPEC announced a freeze on crude oil prices until December 16.
June 22	Federal funds rate raised from 7-1/2 percent to 7-3/4 percent.
June 29	FHA-VA mortgage rate raised to 9-1/2 percent.
June 30	Prime rate raised to 9 percent.
July 10	Discount rate raised to 7-1/4 percent.
July 18	Teamsters union strike affecting supermarkets throughout Northern California.
August 20	Retail clerks union strike in Southern California.
August 21	Discount rate raised to 7-3/4 percent.
August 29	Federal funds rate raised from 8-1/8 percent to 8-1/4 percent.
August 31	Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent.
September 15	Prime rate raised to 9-1/2 percent.
September 22	Discount rate raised from 7-3/4 percent to 9-3/4 percent.
September 28	Prime rate raised from 9-1/2 percent to 9-3/4 percent.
October 12	Prime rate raised from 9-3/4 percent to 10 percent.

CHRONOLOGY--Continued

1978--Continued

October 15	Tax cut and energy bill passed by Congress.
October 16	Discount rate raised from 8 percent to 8-1/2 percent.
October 18	Federal funds rate raised from 8-3/4 percent to 8-7/8 percent.
October 24	Prime rate raised from 10 percent to 10-1/4 percent.
	California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions.
October 24	Phase II announced: voluntary guidelines on wages and prices.
November 1	Discount rate raised from 8-1/2 percent to 9-1/2 percent.
	Prime rate raised to 10-1/2 percent.
November 3	Prime rate raised from 10-1/2 percent to 10-3/4 percent.
November 13	Prime rate raised from 10-3/4 percent to 11 percent.
November 24	Prime rate raised to 11-1/2 percent.
November 27	Federal funds rate raised from 9-3/4 percent to 9-7/8 percent.
December 4	Rollover for 6-month certificates of deposit (CDs) began this week.
December 19	Federal funds rate raised to 10 percent.
December 20	Prime rate raised to 11-3/4 percent.

1979

January 1	U.S. minimum wage increased to $2.90 per hour.
January 13	Prime rate reduced to 11-1/2 percent.
March 15	Terms for MMCs changed. 1/4 point differential over 9 percent eliminated.

1979--Continued

March 27	OPEC price increases: 9 percent. Selected surcharges imposed.
March 31	United Airlines-machinist strike.
April 1-10	Teamsters strike.
May 7	Prime rate moved to 11-3/4 percent from 11-1/2 percent.
May 19	Federal funds rate set at 7-1/4 percent.
May 26	United Airlines strike ended.
May 30	Interest rate on conventional mortgages raised to 11-3/4 percent.
June 12	Prime rate reduced to 11-1/2 percent.
July 1	Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks.
July 20	Discount rate raised from 9-1/2 percent to 10 percent.
August 16	Discount rate raised to 10-1/2 percent.
August 24	Federal funds rate raised from 11 percent to 11-1/4 percent.
August 26-September 10	Los Angeles Rapid Transit District strike.
August 28	Prime rate raised from 12 percent to 12-1/4 percent.
August 31-November 21	BART strike.
September 4	Federal funds rate raised from 11-1/percent

1980--Continued

February 25	Prime rate raised to 16-1/2 percent.
February 27	Ceilings on interest rates for government backed mortgages raised to 13 percent.
February 29	Prime rate raised to 16-3/4 percent.

CHRONOLOGY--Continued

1979--Continued

March 4	Prime rate raised to 17-1/4 percent.
March 7	Prime rate raised to 17-3/4 percent.
March 13	Prime rate raised to 18-1/4 percent.
March 14	Announcement of tighter fiscal policies.
March 18	Prime rate raised to 19 percent.
April 2	Prime rate raised to 20 percent.
April 3	FHA mortgages raised to 14 percent.
April 20	Prime rate reduced to 19-1/2 percent.
April 28	FHA mortgages reduced to 13 percent.
	Prime rate reduced to 18-1/2 percent.
May 5	Prime rate reduced to 18 percent.
May 7	Prime rate reduced to 17 percent.
May 12	Prime rate reduced to 16-1/2 percent.
May 19	Prime rate reduced to 16 percent.
May 28	Discount rate lowered to 12 percent from 13 percent.
June 4	Prime rate reduced to 13 percent.
June 12	Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent.
June 20	Prime rate reduced to 12 percent.
June 24	Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent.
June 25	Carpenters strike in Northern California ended.
July 3	ICC begins trucking industry deregulation.
July 21	Motion picture and television industry strike.

1980--Continued

July 22	Prime rate reduced to 11 percent.
July 25	Prime rate reduced to 10-3/4 percent.
July 28	Discount rate reduced to 10 percent.
August 5	Prime rate raised to 11 percent.
August 27	Prime rate raised to 11-1/2 percent.
September 5	FHA mortgage interest rate raised from 11-1/2 to 12 percent.
September 12	California morgage rate raised from 13-1/2 percent to 13-3/4 percent.
September 25	Pacific Southwest Airlines (PSA) pilots strike begins.
September 26	Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent.
October 2	Prime raised from 13 to 13-1/2 percent.
October 3	Prime raised to 14 percent.
October 15	AFTA workers return to work.
October 23	Screen Actors Guild strike ends.
October 30	Prime raised from 14 to 14-1/2 percent.
November 7	Prime raised from 14-1/2 to 15-1/2 percent.
November 14	PSA pilots strike ends.
November 17	Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent.
November 21	Prime raised to 17 percent.
December 3	Prime raised from 17-3/4 to 18-1/2 percent.
December 5	Discount rate raised from 12 to 13 percent. Prime raised to 19 percent.
December 11	Prime raised to 20 percent.
December 17	Prime raised from 20 to 21 percent.

1980--Continued

December 23	Prime lowered from 21 to 20-1/2 percent.

1981

January 1	Minimum wage raised from $3.10 to $3.35.
January 6	Prime lowered to 20 percent.
January 20	American hostages released from Iran.
	Ronald Reagan inaugrated as 40th President of the U.S.
January 28	Deregulation of oil and gas industry announced, effective immediately.
January 29	Prime rate lowered to 19-1/2 percent from 20 percent.
February 16	General Motors and Ford rebate plans announced.
February 23	Prime rate lowered to 18 percent.
March 2	Prime rate lowered to 18-1/2 percent.
March 10	Prime rate lowered to 18 percent.
March 16	Prime rate lowered to 17-1/2 percent.
March 18	Prime rate lowered to 17 percent.
November 28	Prime raised to 17-3/4 percent.

SOURCES OF STATISTICAL SERIES

Employment Development Department Employment Data and Research	Civilian employment Unemployment Unemployment rate Nonagricultural employment Manufacturing employment Hours and earnings Nonagricultural placements Initial claims for unemployment insurance Insured unemployment Index for production worker man-hours
Department of Industrial Relations Division of Labor Statistics and Research	California consumer price index
Department of Finance	Personal income Wages and salaries Index of leading indicators
Department of Motor Vehicles	New auto registrations
State Board of Equalization	Taxable sales
Security Pacific National Bank	Housing units authorized Valuation of nonresidential construction
U.S. Department of Commerce	Retail sales
U.S. Bureau of Labor Statistics	Consumer price indices
U.S. Department of Defense	Prime defense contracts
Federal Power Commission	Electricity production
California Redwood Association	Lumber production
Conservation Committee of California Oil Producers	Petroleum production
American Iron and Steel Institute	Steel production
U.S. Bureau of Mines	Cement production
Dun and Bradstreet	Business failures and liabilities
California Secretary of State	New business incorporations
Federal Reserve Bank of San Francisco	Demand deposits Commercial and industrial loans

BEST AVAILABLE COPY

REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854 -

Initial trough	Peak	Terminal trough	Expansion (months)	Contraction (months)	Total (months)
Dec. 1854	June 1857	Dec. 1858	30	18	48
Dec. 1858	Oct. 1860	June 1861	22	8	30
June 1861	April 1865	Dec. 1867	46	32	78
Dec. 1867	June 1869	Dec. 1870	18	18	36
Dec. 1870	Oct. 1873	March 1879	34	65	99
March 1879	March 1882	May 1885	36	38	74
May 1885	March 1887	April 1888	22	13	35
April 1888	July 1890	May 1891	27	10	37
May 1891	Jan. 1893	June 1894	20	17	37
June 1894	Dec. 1895	June 1897	18	18	36
June 1897	June 1899	Dec. 1900	24	18	42
Dec. 1900	Sept. 1902	Aug. 1904	21	23	44
Aug. 1904	May 1907	June 1908	33	13	46
June 1908	Jan. 1910	Jan. 1912	19	24	43
Jan. 1912	Jan. 1913	Dec. 1914	12	23	35
Dec. 1914	Aug. 1918	March 1919	44	7	51
March 1919	Jan. 1920	July 1921	10	18	28
July 1921	May 1923	July 1924	22	14	36
July 1924	Oct. 1926	Nov. 1927	27	13	40
Nov. 1927	Aug. 1929	March 1933	21	43	64
March 1933	May 1937	June 1938	50	13	63
June 1938	Feb. 1945	Oct. 1945	80	8	88
Oct. 1945	Nov. 1948	Oct. 1949	37	11	48
Oct. 1949	July 1953	May 1954	45	10	55
May 1954	Aug. 1957	April 1958	39	8	47
April 1958	April 1960	Feb. 1961	24	10	34
Feb. 1961	Dec. 1969	Nov. 1970	106	11	117
Nov. 1970	Nov. 1973	March 1975	36	16	52
March 1975	Jan. 1980		58		

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CALIFORNIA ECONOMIC INDICATORS

May 1981

DEPARTMENT OF FINANCE

INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events.

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1971 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

Individuals or businesses seeking assistance in their economic development or job creation efforts are advised to contact the Department of Economic and Business Development. The Department can also provide additional general information on economic opportunities in California. Correspondence should be addressed to: State of California, Department of Economic and Business Development, 1120 N Street, Sacramento, CA 95814.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to: State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $5.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

Beginning Subscription Date	Prorated Amount Due
January	$5.00
March	4.15
May	3.35
July	2.50
September	1.65
November	0.85

Mail subscription requests to the California Department of Finance, P.O. Box 151, Sacramento, CA 95801. Make checks payable to the California Department of Finance.

REVIEW OF ECONOMIC DEVELOPMENTS

The California economy is continuing to show signs of strength during the first months of 1981. Civilian employment was up 1.2 percent between the months of March and April to reach a seasonally adjusted level of 10,647,000. Unemployment declined for the month, causing the unemployment rate to drop to a level of 7.1 percent, 2/10 below the national average.

Seasonally adjusted nonagricultural wage and salary employment edged up 0.1 percent in April to a total of 10,043,100 jobs. This represented a gain of 5,800 jobs from March 1981 and 162,000 jobs from the year earlier period.

The indicated improvement has not been shared by all sectors, however. Construction, for example, has fared relatively well, considering high and rising interest rates. Employment stood at 441,000 last month, compared to a pre-recession peak of 473,500. The current slump for this industry has been substantially less than usually occurs during a downturn.

Manufacturing has experienced mixed trends. The aerospace sector lost its momentum late in 1980, with job losses registered in aircraft, electronics and high technology equipment. Other durable goods sectors have seen some gains lately. On balance, manufacturing employment is fluctuating between 2,010,000 and 2,030,000.

In contrast to these developments are recent gains in the finance, transportation-communication, trade and service sectors.

(All nonagricultural employment data, including the numbers of the California Economic Factors Table, represent the Interim Benchmark series prepared by the Employment Development Department. April data are estimated by the Department of Finance based upon the official BLS employment series.)

Consumer price gains during March were again moderate when compared to increases recorded in 1980. This easing in prices can be attributed to a slowdown in energy price increases, reduced food prices due largely to the high rate of slaughter of livestock, lower car prices as a result of rebates and the slump in the housing market which has tended to stabilize home prices.

The Los Angeles-Long Beach metropolitan area posted a rise of 0.6 percent in the all urban CPI during March. Holding this index down were food prices, which increased only 0.7 percent from February 1981; housing, up a slight 0.3 percent; and transportation, increasing 0.9 percent. The consumer price index for the San Diego metropolitan area recorded a larger gain, increasing 1.9 percent from January. The CPI in this area is particularly sensitive to housing-related costs, including interest rates.

The California Index of Leading Economic Indicators, a forecaster of the business outlook approximately six months into the future, declined slightly during February. The slowdown was due largely to a reduction in overtime hours in manufacturing and nonagricultural job placements. Generally, the index must drop for three months before a downward trend in future economic activity can be anticipated. The outlook basically remains favorable at this time.

Construction activity in the State has slowed. On a seasonally adjusted annual rate basis, housing units authorized during March were at 120,000 units, down 14.3 percent from the level recorded in February 1981.

Seasonally adjusted nonresidential valuation also declined during the month, down 1.2 percent from the February level of $756 million. Even with this decline, growth in nonresidential valuation has remained relatively strong during the year. The March value of $747 million represented a gain of 25.3 percent over March of last year and--excluding February 1981--was the highest valuation recorded since October 1979.

A main factor in the strength of nonresidential valuation has been continued growth in the value of additions and alterations. With high mortgage rates, many businesses appear to be adding on to or altering their existing facltities as opposed to building new ones. The following table illustrates the shift that has occurred in the value of additions and alterations compared to total nonresidential valuation for the State and the four counties with the largest valuation so far in 1981. Combined, these counties account for 60.8 percent of the total nonresidential building valuation recorded during the first three months of 1981.

Additions and Alterations as a Percent of Total Nonresidential Permit Valuations

	January-March 1979	January-March 1980	January-March 1981
Los Angeles	12.1	26.4	24.0
Orange	10.6	18.9	27.3
San Diego	13.3	19.9	23.0
Santa Clara	10.3	27.4	27.9
California	11.7	24.6	25.9

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CURRENT CALIFORNIA ECONOMIC DATA

	1981			1980			Percent Change March 1980-March 1981
	March	February	January	December	March	February	
Employment[a]							
Civilian employment (000)	10,523	10,493	10,493	10,470	10,454	10,401	0.7
Unemployment (000)	822	859	853	734	691	696	14.0
Unemployment rate	7.2	7.6	7.5	6.6	6.2	6.3	--
Nonagricultural wage and salary employment[b] (000)	10,037.3	10,062.1	10,051.0	9,984.3	9,901.5	9,914.8	1.4
Mining	46.2	46.9	46.7	45.4	42.0	41.6	10.0
Construction	441.3	448.5	464.6	454.0	461.4	473.5	-4.4
Manufacturing	2,013.6	2,029.8	2,033.3	2,017.7	2,031.7	2,038.7	-0.9
Aerospace[c]	621.2	624.7	627.2	628.0	619.5	613.8	0.3
Transportation--communications public utilities	557.9	556.7	555.4	550.7	547.2	546.9	2.0
Trade	2,327.0	2,324.1	2,299.5	2,278.9	2,286.6	2,282.0	1.8
Finance--insurance--real estate	642.9	642.1	639.8	637.7	620.8	620.5	3.6
Services	2,241.8	2,244.5	2,239.0	2,225.8	2,155.5	2,157.1	4.0
Government	1,766.6	1,769.5	1,772.7	1,774.1	1,756.3	1,754.5	0.6
Federal	322.2	322.5	322.2	322.3	331.0	327.5	-2.7
State and local	1,444.4	1,447.0	1,450.5	1,451.8	1,425.3	1,427.0	1.3
Hours and Earnings, Manufacturing							
Average weekly hours	39.6	39.4	39.6	40.5	39.8	39.2	-0.5
Average weekly earnings	$327.10	$321.00	$322.34	$327.65	$296.11	$288.12	10.5
Average hourly earnings	$8.26	$8.15	$8.14	$8.09	$7.44	$7.35	11.0
Index of Leading Indicators	n.a.	126.6	128.1	127.4	126.3	129.4	--
Trade							
Retail sales (millions)	n.a.	8,509	8,785	11,367	8,872	8,206	--
New auto registrations (number)	n.a.	n.a.	n.a.	75,008	101,420	85,753	--
Business							
Business failures (number)	n.a.	n.a.	n.a.	n.a.	142	101	--
Business liabilities (000)	n.a.	n.a.	n.a.	n.a.	$22,877	$15,300	--
New incorporations (number)	n.a.	4,269	4,653	4,866	4,445	4,290	--
Consumer Price Index, all items[d]							
California average (1967=100)	--	264.2	--	260.0	--	240.4	--
San Francisco (1967=100)	--	260.5	--	254.9	--	240.7	--
Los Angeles (1967=100)	263.3	261.6	259.4	256.7	241.3	237.6	9.1
San Diego (1967=100)	293.1	--	287.7	--	258.3	--	13.5
Output							
Petroleum production (000 barrels daily)	n.a.	1,008.9	1,004.9	1,001.9	960.9	957.0	--
Cement production (000 short tons)	n.a.	523.2	484.9	676.4	571.2	523.3	--
Raw steel production (000 net tons)	n.a.	223.7	241.0	219.8	259.0	249.9	--
Lumber shipments (mil. FBM)	68.0	66.6	66.8	75.9	62.8	74.7	8.3
Construction							
Private residential housing units authorized (number)	10,515	9,279	7,752	11,241	10,684	12,292	-1.6
Nonresidential building authorized, valuation (000)	$720,125	$639,464	$545,933	$637,530	$574,746	$605,512	25.3

[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end.

[c] Interim series does not give a detailed breakdown of manufacturing for aerospace employment. This value is from the EDD official employment series, it is not seasonally adjusted.

[d] All urban series.

n.a. Not available

THE ECONOMIC OUTLOOK

This special section to the Indicators summarizes the economic outlook for the State and the Nation during 1981 and 1982. The forecasts presented were prepared for the May Revision of General Fund revenues and expenditures for the 1981-82 Governor's Budget.

The current economic outlook is moderately stronger than was anticipated late last year. Preliminary data for the first quarter of 1981 indicated a stronger economy than estimated earlier. This surge in activity suggests, however, that the path of recovery will not be smooth. A relatively flat second quarter is expected to be followed by moderate gains for the last half of this year and 1982.

Interest rate trends will continue to be critical over the next 18 months. Only a moderate decline in rates is forecast until mid-1982. High financing costs will prevent any significant improvement in the housing sector and stunt the recovery in major consumer pruchases such as autos. Nevertheless, gradual improvement in employment and incomes, leading to higher real consumer spending for non-auto items, and moderate gains in plant and equipment investment will more than offset these continuing weaknesses. For all of 1981, a gain of 2.7 percent is forecast for real gross national product. By 1982, a resumption of more normal growth trends will result in real GNP rising by approximately 4 percent.

This forecast does not incorporate the president's economic program as proposed. However, some cuts in Federal expenditures were assumed, as well as a one-time individual tax cut at a $20 billion rate, effective July 1 of this year. Changes in depreciation laws designed to encourage additional investment were also built in.

Trends over the past five months have also led to slightly more favorable forecasts for the California economy. As in the Nation, however, there will still be severe problems in some sectors. The housing situation is probably the most critical, as rising prices and high interest rates have prolonged the homebuilding slump. The recent large outflow from savings and loan associations will further exacerbate the problem. Housing unit authorizations have been revised downward to 155,000 for 1981, and 190,000 for 1982. At these levels, housing demand will continue to outpace supply through at least 1982.

The goods-producing industries in the State will therefore see only gradual improvement until the latter half of this year. Even the aerospace sector, which has been a strong growth area for several years, has registered a mild setback in the first three months of 1981. This is attributable to a recession-induced slowdown in electronics, aircraft and computing equipment. Other manufacturing is starting to improve, but it will be the end of 1981 before pre-recession employment levels are reached.

Service-related sectors will do relatively well, in contrast. It is now forecast that employment overall will rise by 2.2 percent in 1981, only marginally below the Budget projection. For 1982 the outlook appears better. Employment should be up 4.6 percent, compared with the 3.7 percent gain anticipated earlier.

Personal income is coming in better than expected, due in part to the surge in interest income attributable to the January introduction of NOW accounts. The current forecast calls for an income gain of 12.7 percent this year, followed by 13.1 percent next year.

Inflation is a continuing problem, although recent increases in California have been at half the rate recorded at this time last year. The latest appraisal of the consumer price index for the State suggests a 10.3 percent rise for 1981, and a 9.9 percent increase for 1982. Further reductions in the pace of price rises will depend in large part on a significant decline in mortgage interest rates and restraint in general wage/price expectations.

Key economic variables forecast for California and the Nation are, shown on the following table.

MAY REVISE FORECAST, SELECTED DATA, 1980-82

UNITED STATES (Dollar amounts in billions)	1980 Actual	1981		1982	
		Amount	Percent Change	Amount	Percent Change
Real gross national product (1972 dollars)	$1,480.7	$1,520.1	2.7	$1,562.1	4.1
Personal consumption expenditures	935.1	967.4	3.5	1,002.8	3.7
Gross private domestic investment	203.6	209.8	3.0	235.7	12.3
Net exports	52.0	51.8	--	48.6	--
Government purchases of goods and services	290.0	291.1	0.4	295.0	1.3
Gross national product (current dollars)	$2,626.1	$2,962.7	12.8	$3,362.3	13.5
GNP deflator (1972=100)	177.4	194.9	9.9	212.5	9.0
Personal income	$2,160.2	$2,420.0	12.0	$2,714.3	12.2
Corporate profits, pre-tax	$245.4	$287.0	16.9	$334.5	16.6
Wage and salary employment (thousands)	90,668	92,309	1.8	95,323	3.3
Housing starts (thousands)	1,303.5	1,415.4	8.6	1,760.8	24.4
New car rates (millions)	9.1	9.7	6.5	10.1	4.3
Consumer price index (1967=100)	246.8	272.3	10.3	297.3	9.2
CALIFORNIA DATA					
Wage and salary employment (thousands)	9,879	10,101	2.2	10,563	4.6
Mining	43	48	9.3	50	5.3
Construction	443	427	-3.7	452	6.0
Manufacturing	2,008	2,026	0.9	2,081	2.7
Transportation-utilities	547	560	2.4	574	2.6
Trade	2,268	2,340	3.2	2,480	6.0
Finance-insurance-real estate	621	638	2.7	675	5.8
Services	2,181	2,296	5.3	2,475	7.8
Government	1,767	1,768	0.0	1,776	0.5
Civilian labor force (thousands)	11,202	11,584	3.4	12,151	4.9
Employment	10,442	10,707	2.5	11,304	5.6
Unemployment	760	877	15.4	848	-3.3
Rate	6.8	7.6	--	7.0	--
Personal income (millions of dollars)	$256,811	$289,314	12.7	$327,316	13.1
Wages and salaries	160,209	178,083	11.2	201,382	13.1
Corporate profits pre-tax (billions of dollars)	$27.6	$32.0	15.9	$37.0	15.7
New auto sales (thousands)	951	1,015	6.7	1,100	8.4
Housing units authorized (thousands)	145	155	6.9	190	22.6
Consumer price index (1967=100)	249.4	275.0	10.3	302.1	9.9

NOTE: Percentage changes calculated on unrounded data.

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ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data for most series are plotted monthly. Quarterly series are identified following the series title on the chart.

The Arabic numeral in the right hand corner of each graph indicates the latest month for which the data are plotted (e.g.: 7 = July).

Roman numerals indicate the latest quarter for which data are plotted (III = third quarter).

TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statjstics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

Taxable Sales

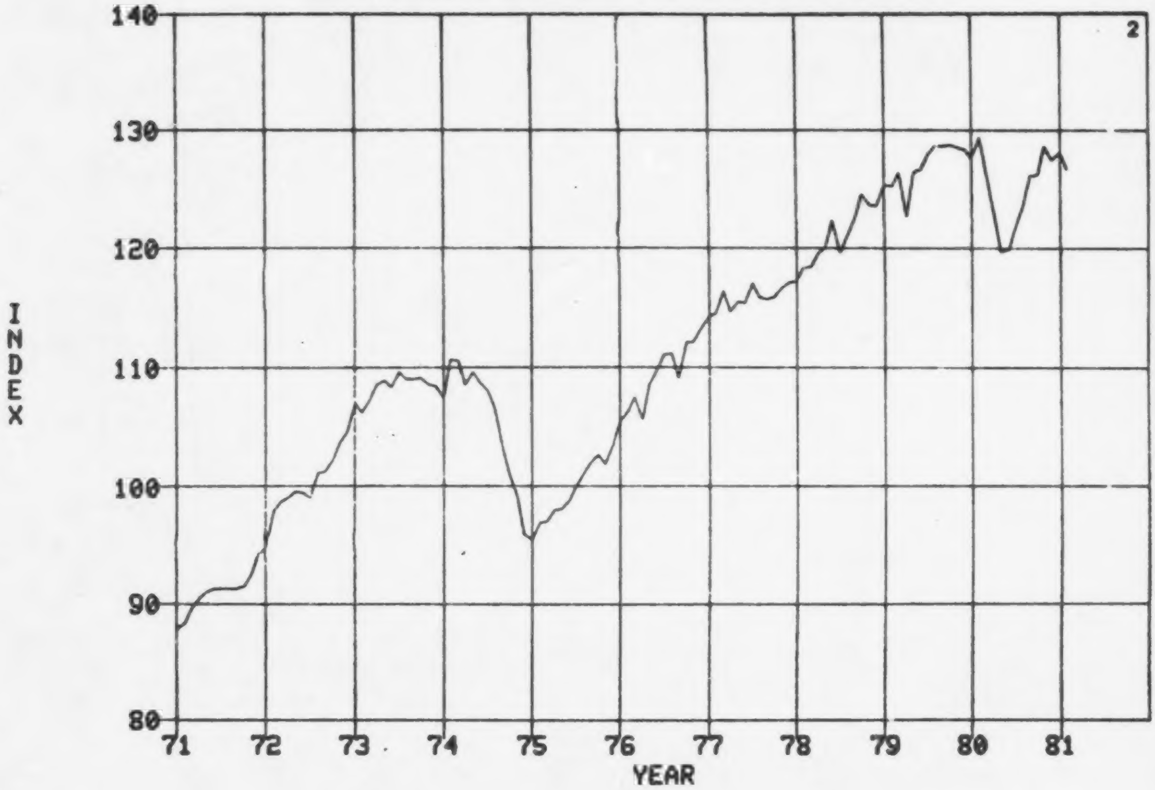
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

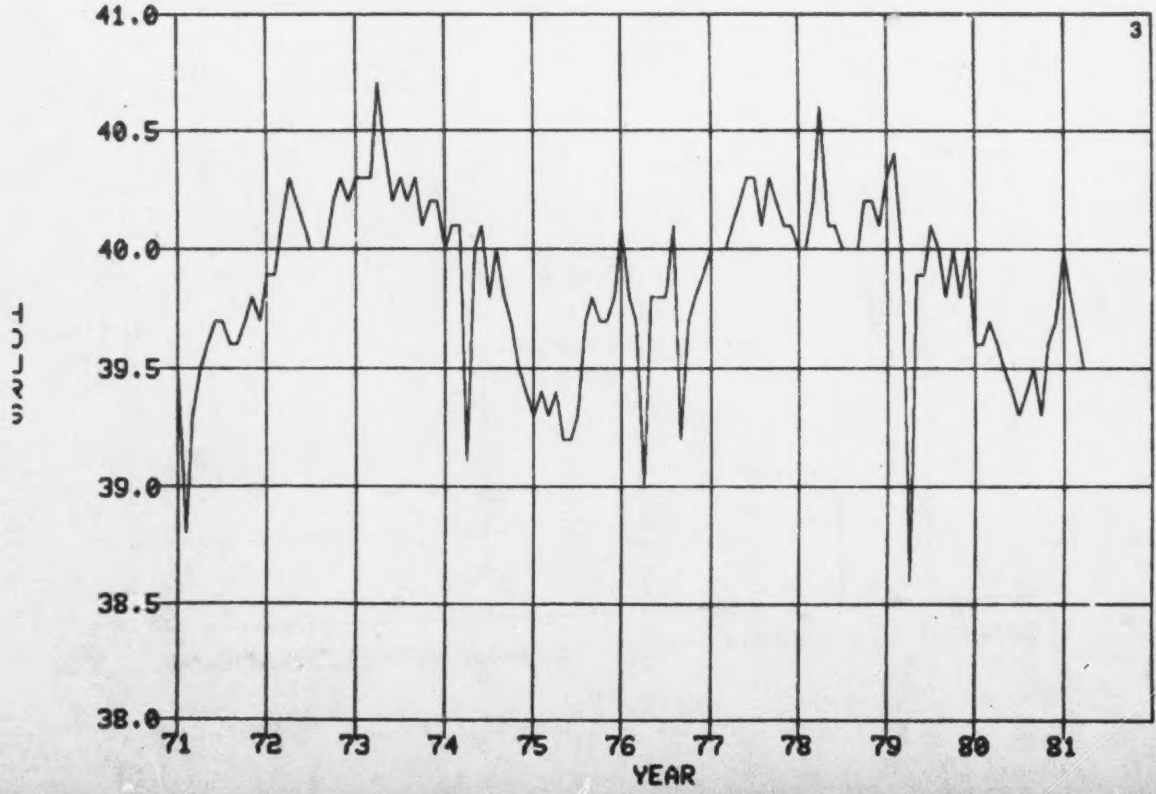
Standard Abbreviations

n.a.	Not available	p	Preliminary
e	Estimate	r	Revised

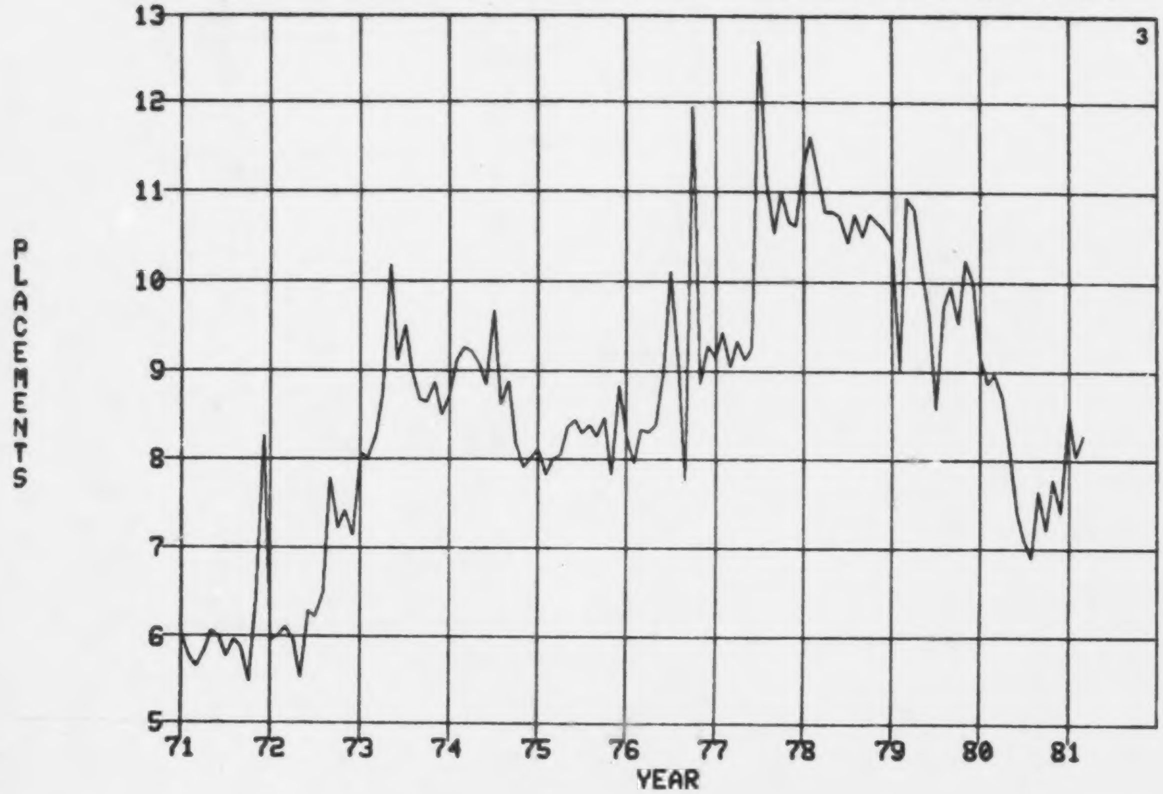
INDEX OF LEADING INDICATORS (1972=100)



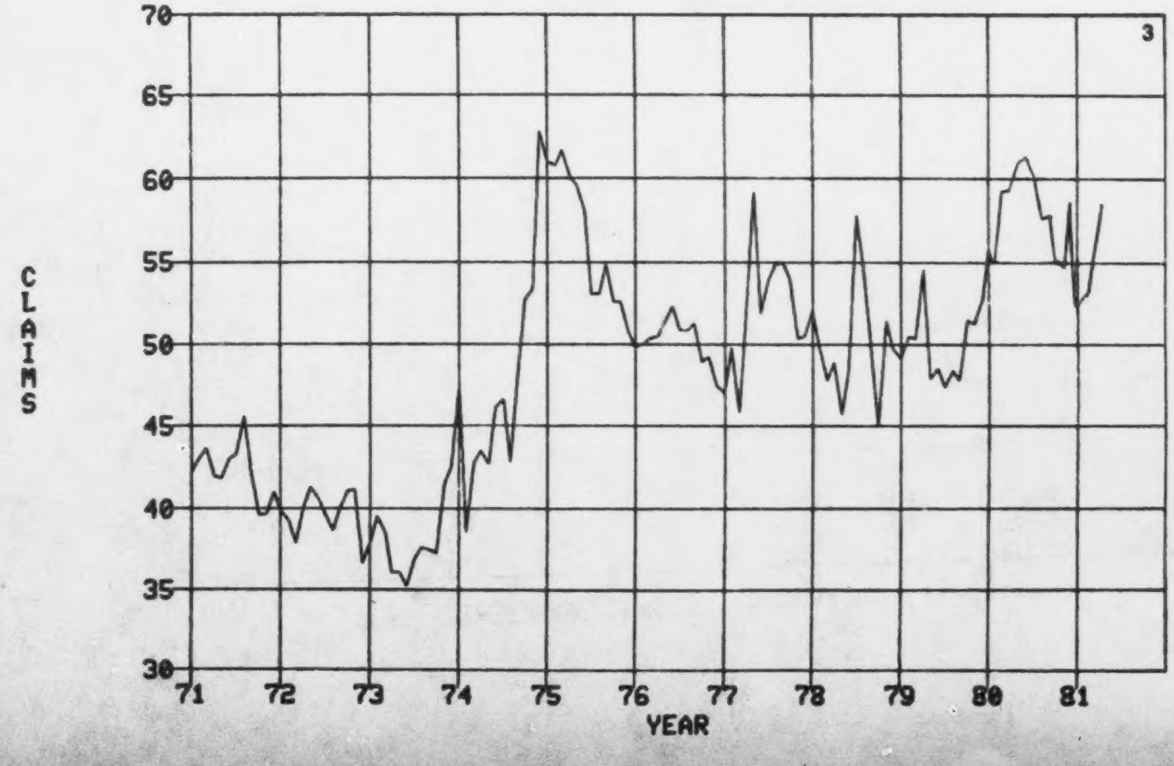
AVERAGE WEEKLY HOURS, MANUFACTURING



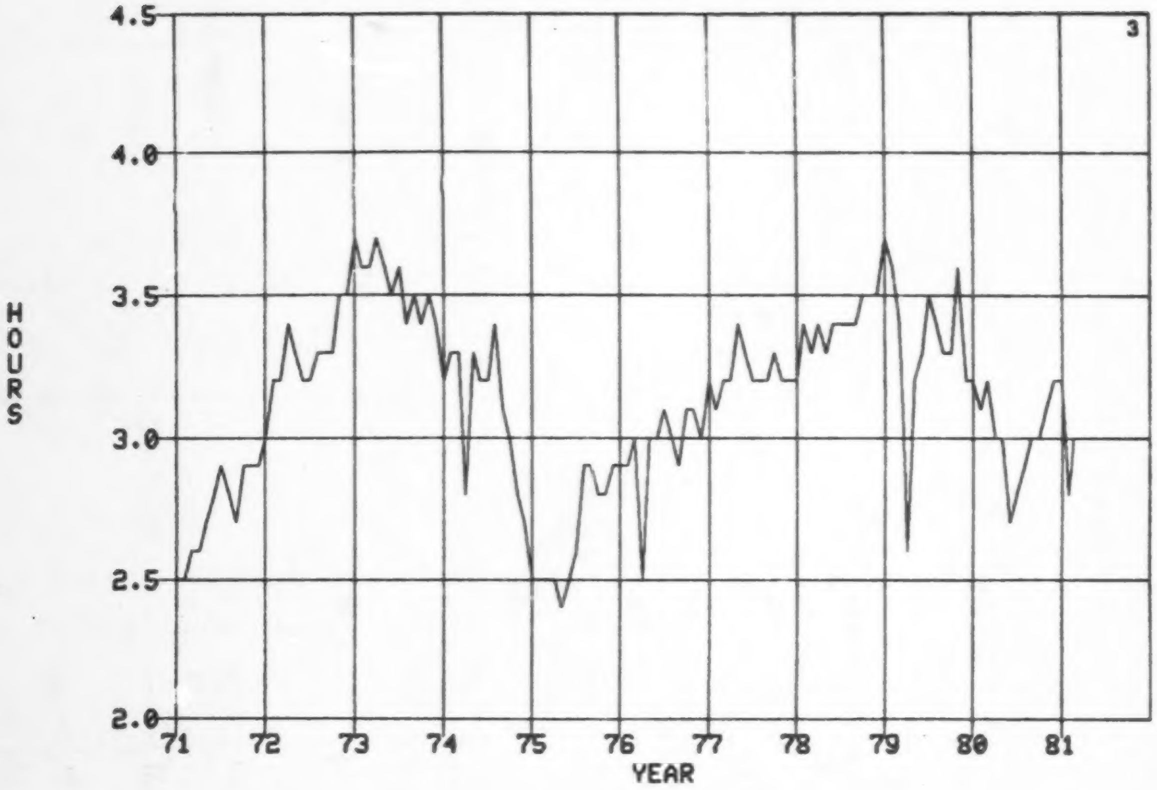
NONAGRICULTURAL PLACEMENTS, WEEKLY AVERAGE (IN THOUSANDS)



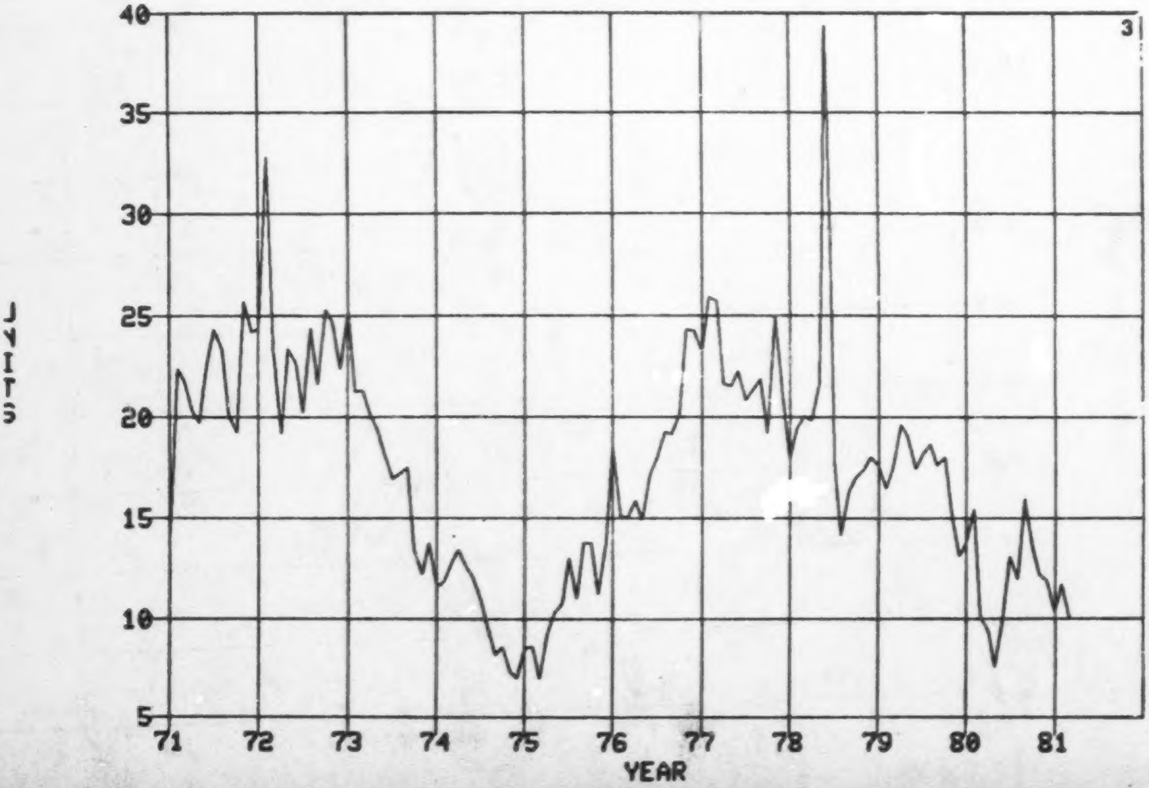
INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE, WEEKLY AVERAGE (IN THOUSANDS)



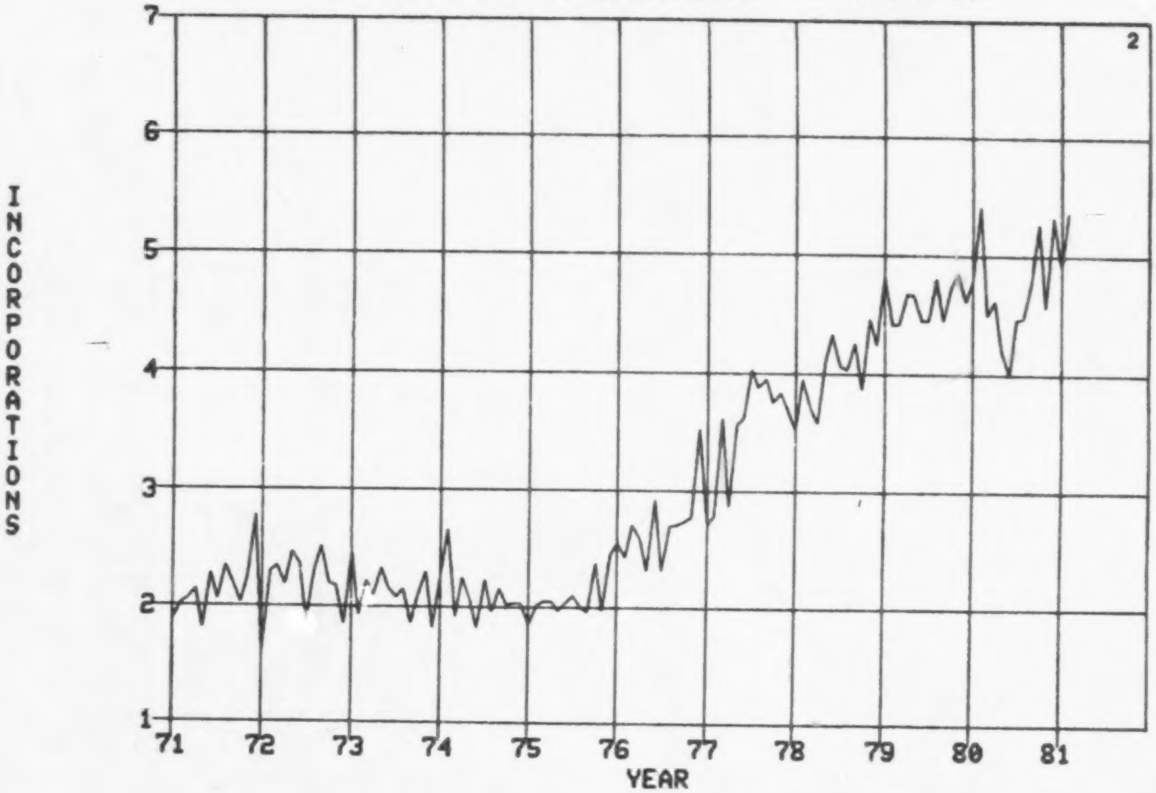
OVERTIME HOURS, MANUFACTURING



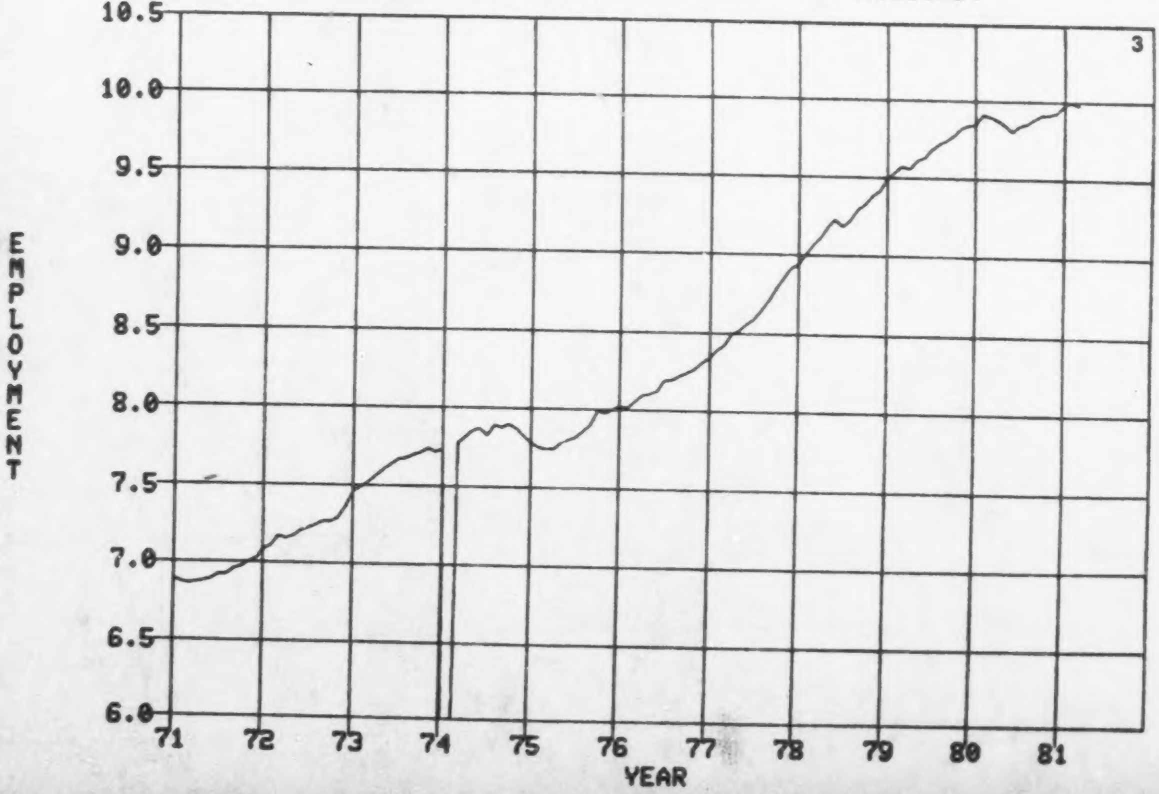
PRIVATE HOUSING UNITS AUTHORIZED (IN THOUSANDS)

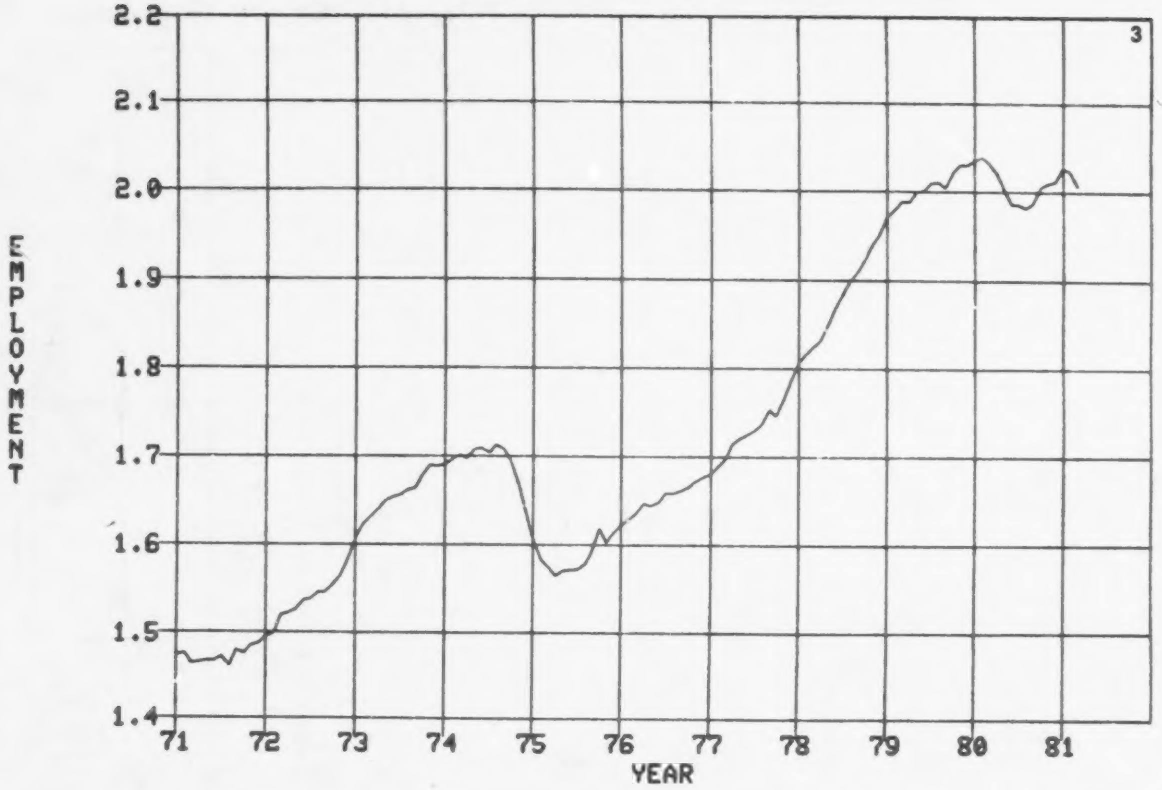


NEW BUSINESS INCORPORATIONS (IN THOUSANDS)

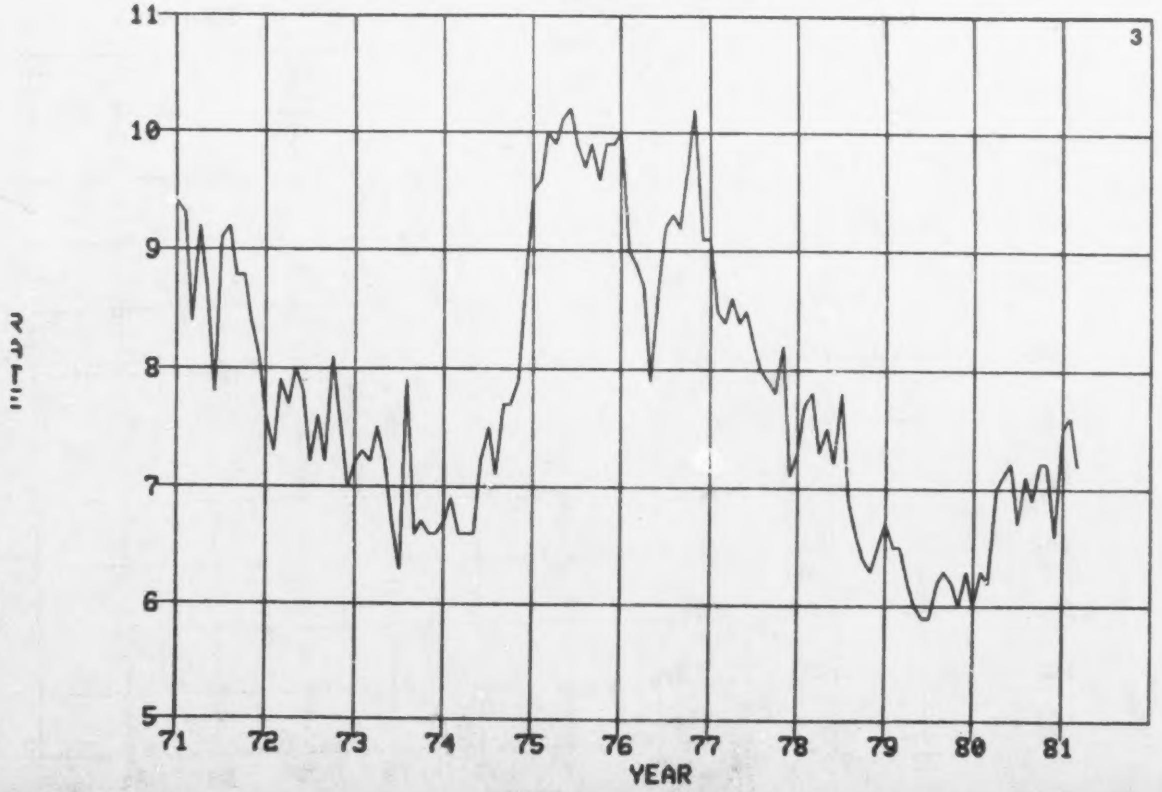


NONAGRICULTURAL EMPLOYMENT (IN MILLIONS)



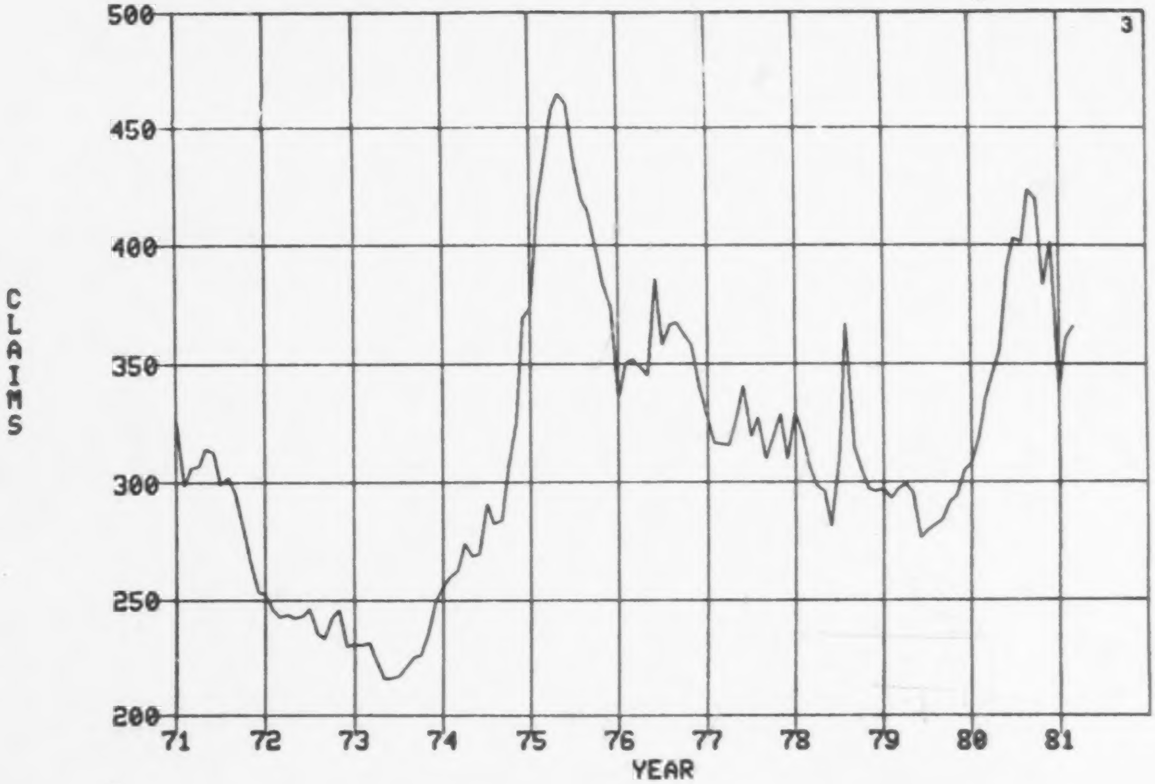


MANUFACTURING EMPLOYMENT (IN MILLIONS)

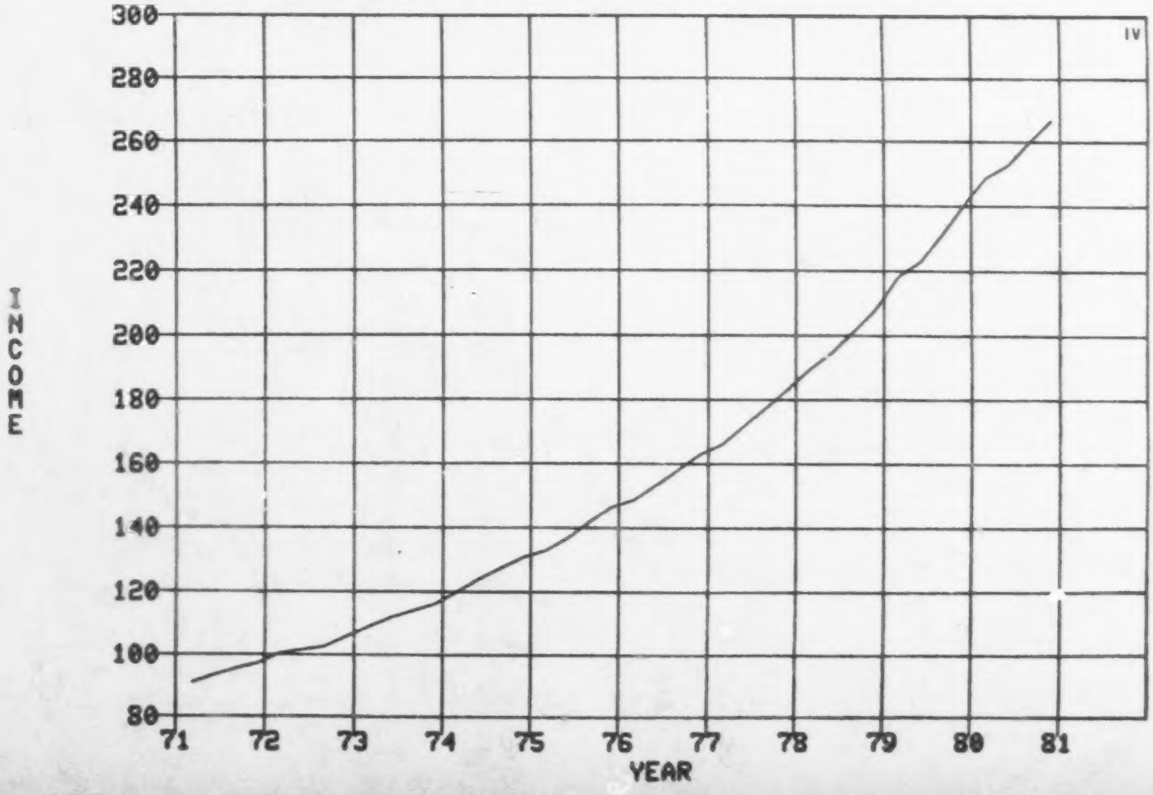


UNEMPLOYMENT RATE

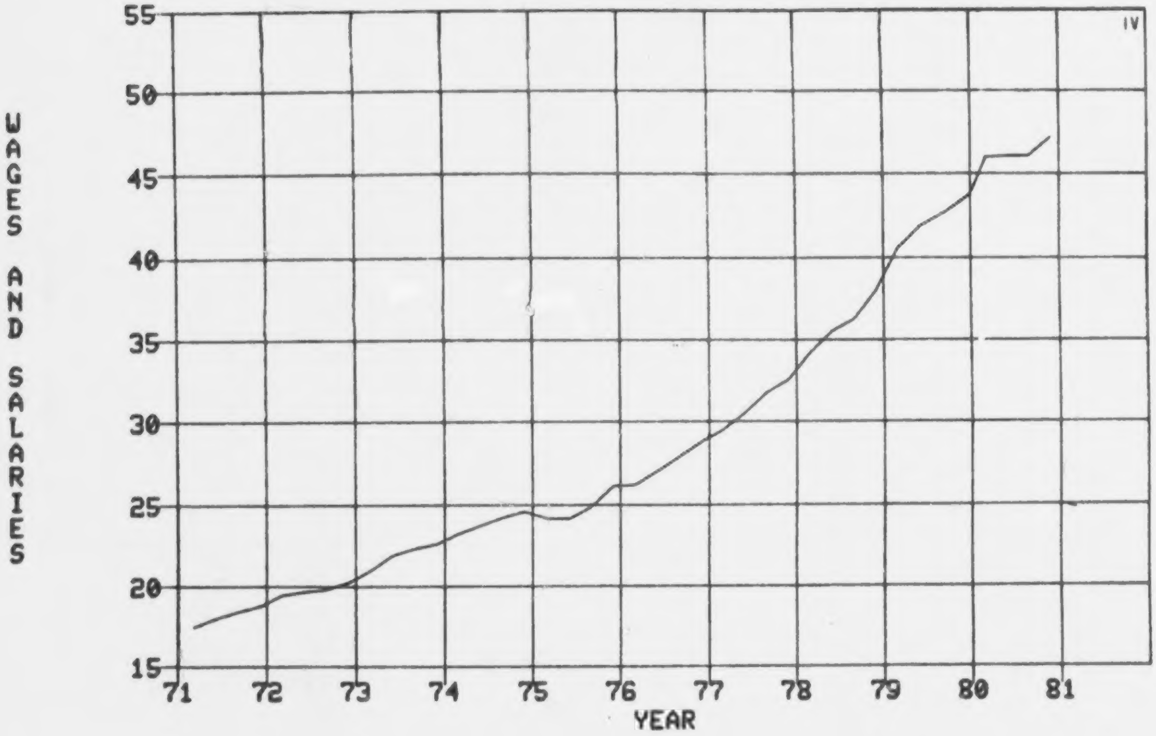
INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED (IN THOUSANDS)



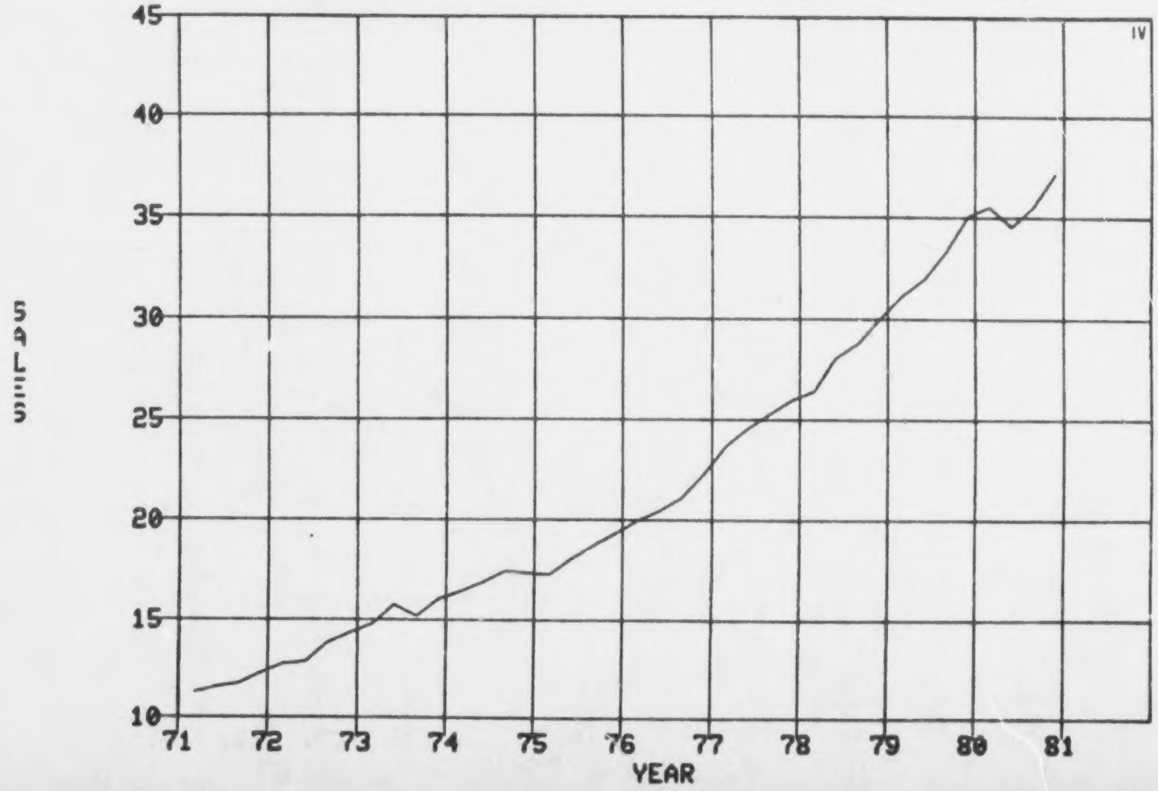
PERSONAL INCOME, QUARTERLY (IN BILLIONS OF DOLLARS)

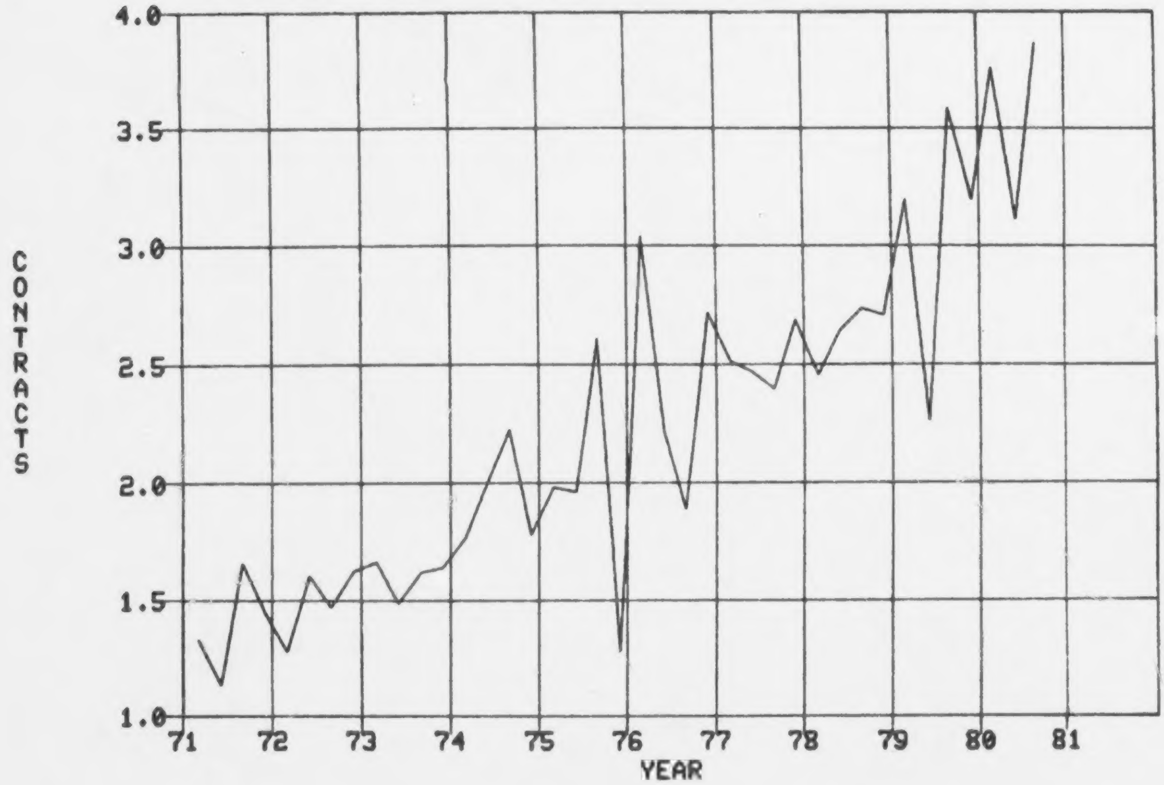


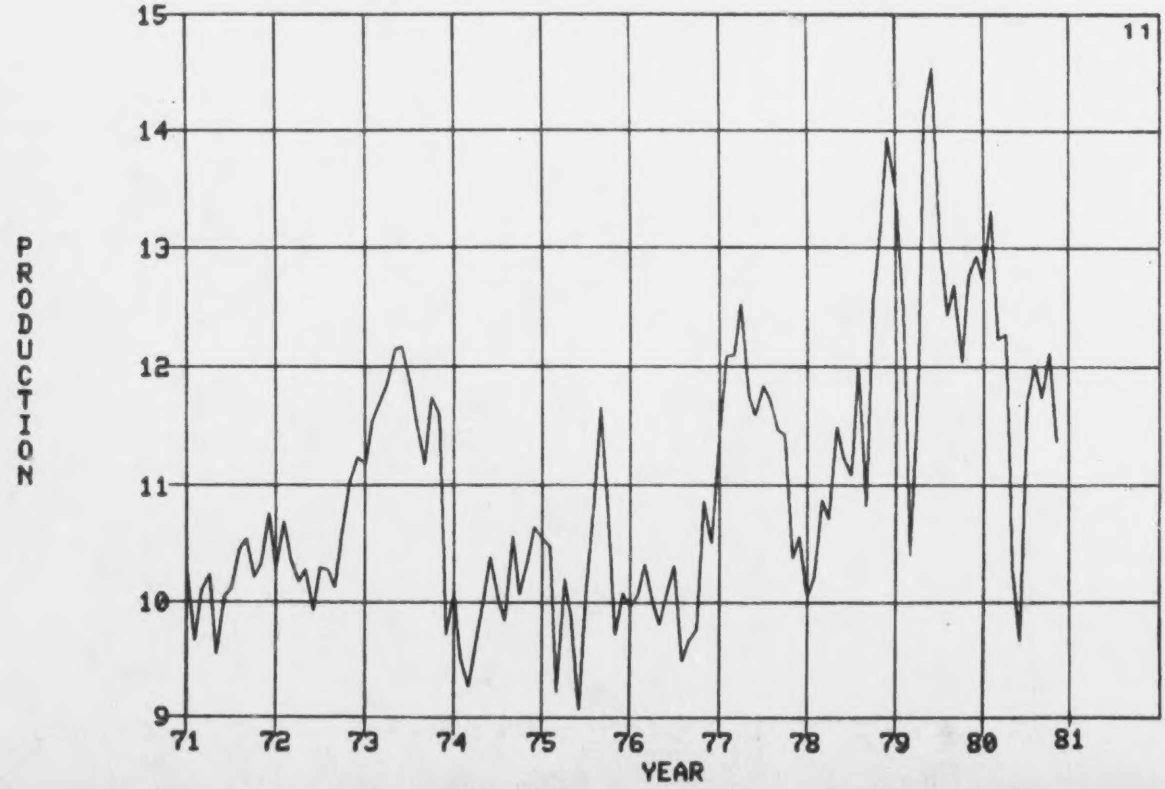
WAGES AND SALARIES FROM MINING, MANUFACTURING, AND CONSTRUCTION, QUARTERLY (IN BILLIONS OF DOLLARS)



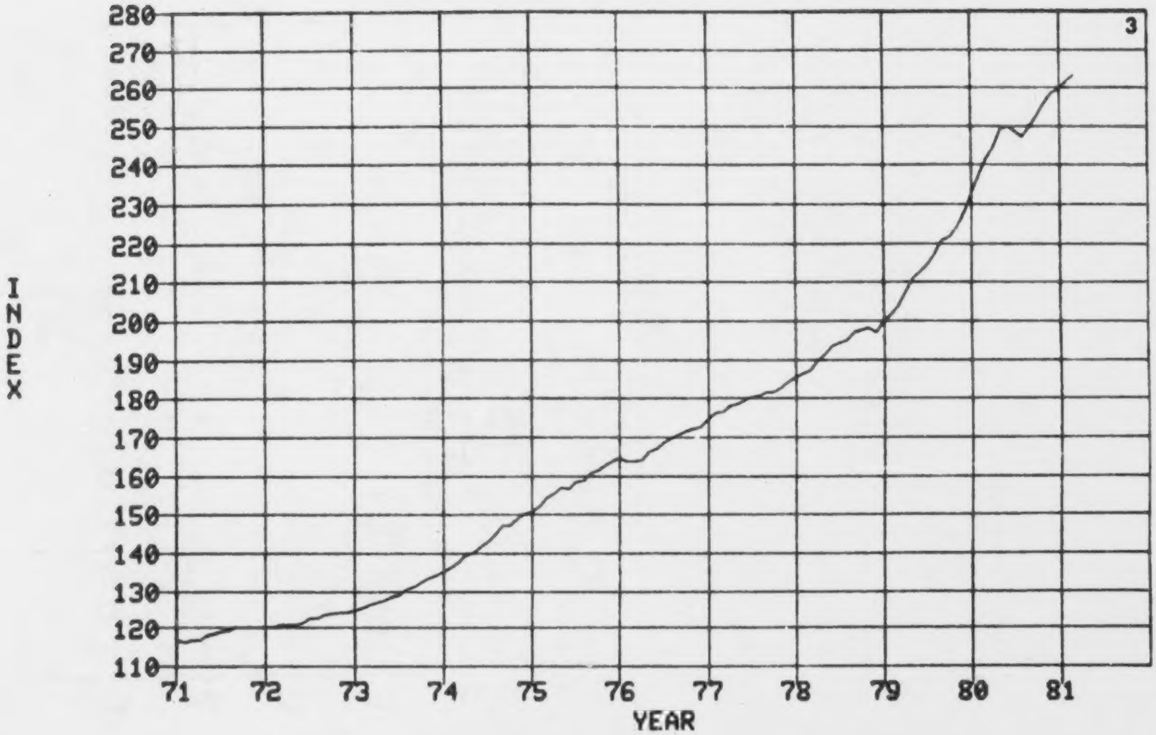
TAXABLE SALES, QUARTERLY (IN BILLIONS OF DOLLARS)



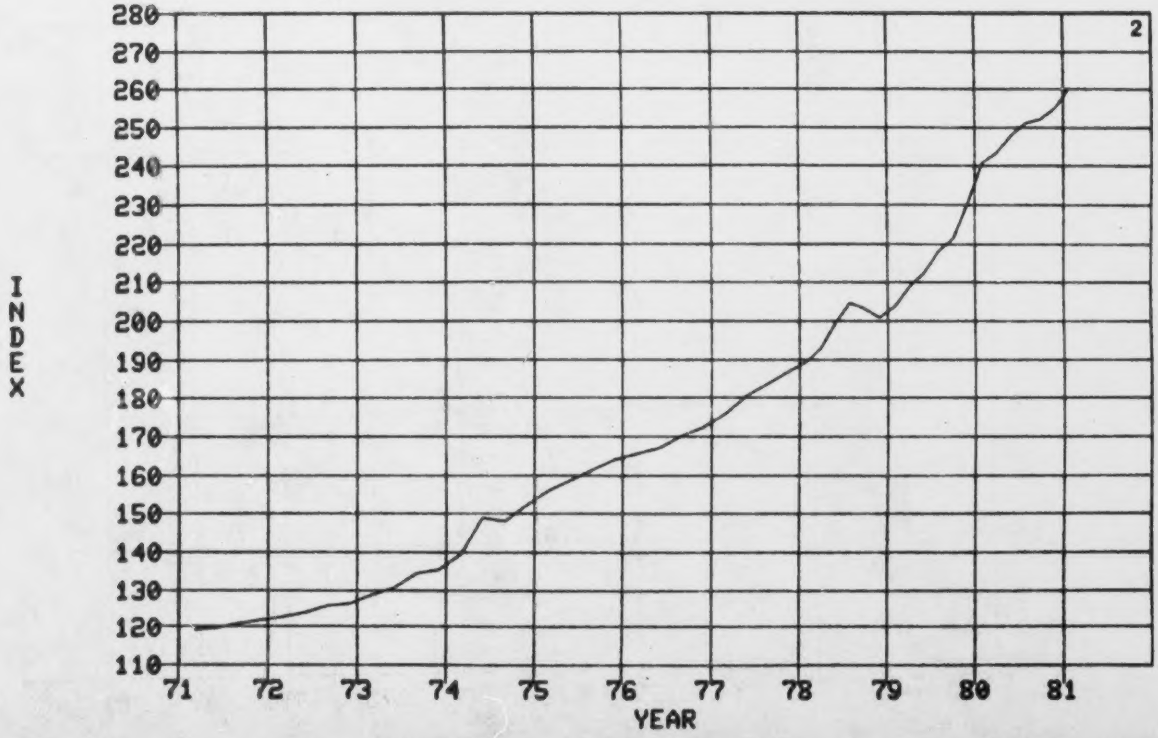

DOD PRIME CONTRACTS, QUARTERLY (IN BILLIONS OF DOLLARS)


ELECTRICITY PRODUCTION (IN BILLIONS OF KWH)

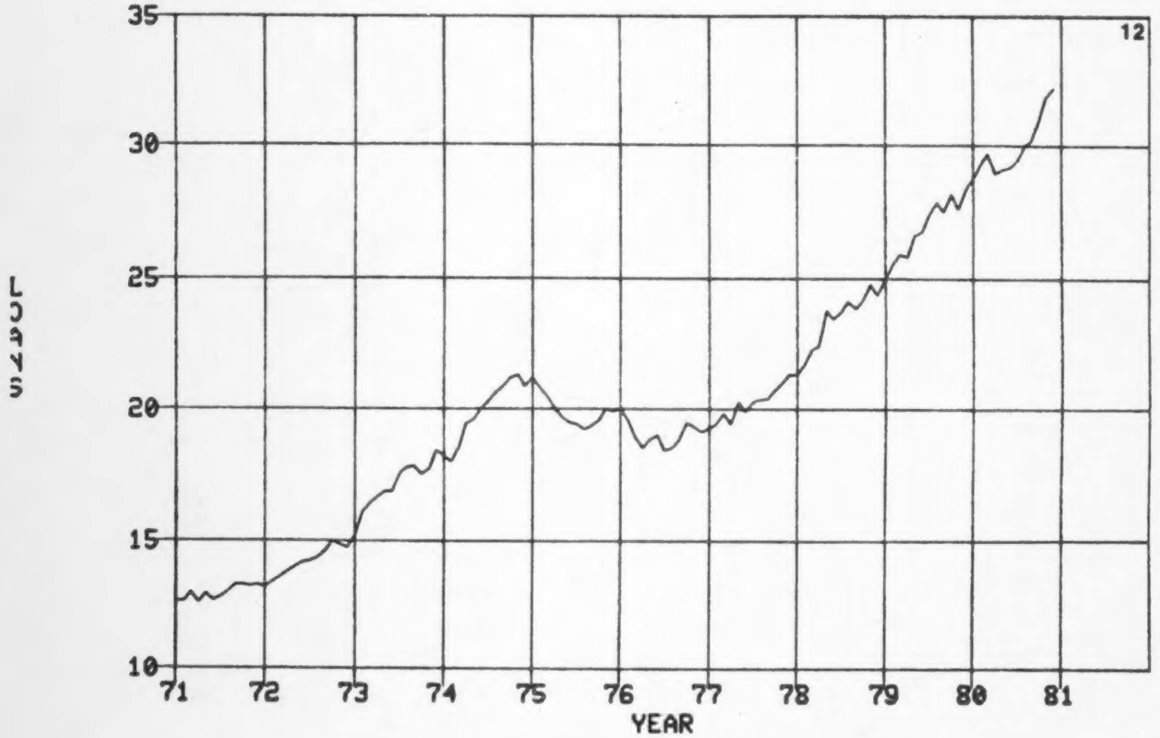
CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)



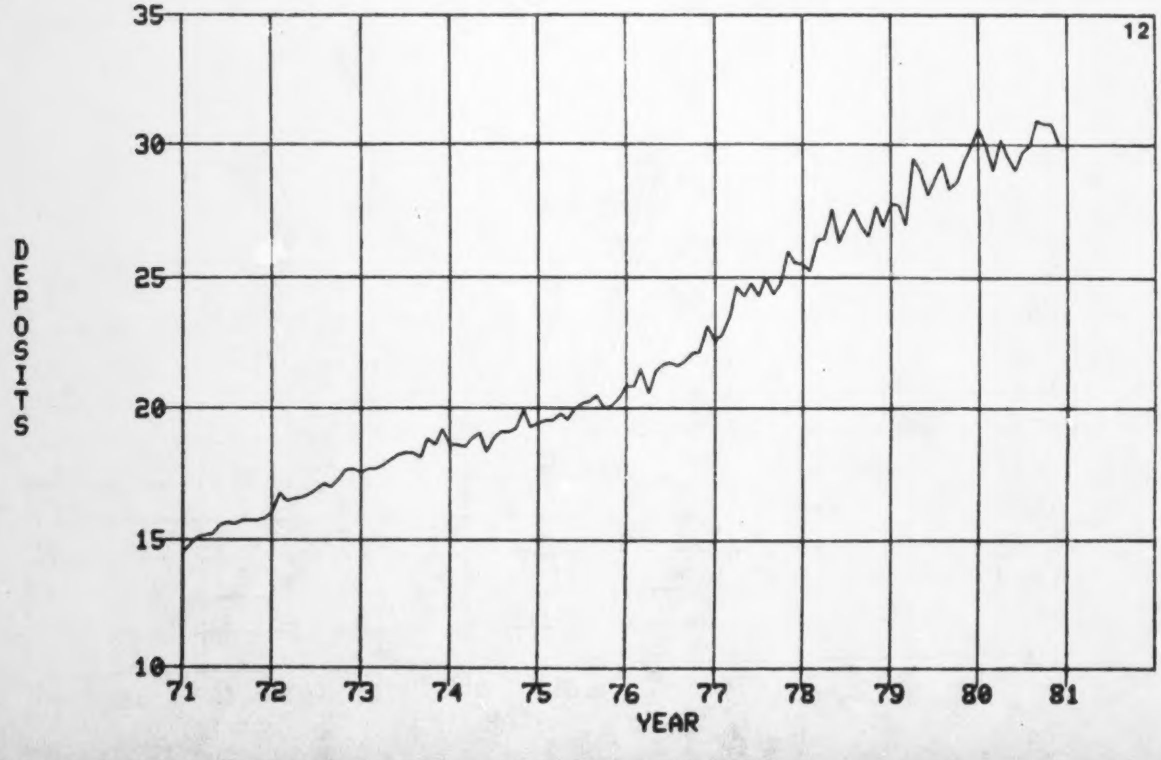
CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)



CALIFORNIA COMMERCIAL AND INDUSTRIAL LOANS
(IN BILLIONS OF DOLLARS)



CALIFORNIA DEMAND DEPOSITS ADJUSTED
(IN BILLIONS OF DOLLARS)



BASIC DATA FOR CALIFORNIA ECONOMIC SERIES

(Seasonally Adjusted Except as Noted)

	Leading Indicators						
Year and Month	Index of Leading Indicatorsr/ (1972=100)	Average Weekly Hours, Manufacturing	Nonagricultural Placements Weekly Avg.r/ (thousands)	Initial Claims for Unemployment Insurance Weekly Avg.r/ (thousands)	Overtime Hours Manufacturing	Private Housing Unitsr/ Authorized	New Business Incorporationsr/
1978							
January	117.3	40.0	11.3	52.0	3.2	17,865	3,510
February	118.4	40.0	11.6	49.8	3.4	19,428	3,950
March	118.5	40.2r/	11.2	47.8	3.3	20,063	3,710
April	119.5	40.6	10.8	48.9	3.4r/	19,889	3,578
May	120.1	40.1	10.8	45.7	3.3	21,652	4,113
June	122.4	40.1	10.7	48.5	3.4	39,361	4,326
July	119.6	40.0	10.4	57.7	3.4r/	17,819	4,063
August	121.1	40.0	10.8	54.7	3.4	14,127	4,037
September	122.6	40.0	10.5	49.4	3.4	16,317	4,258
October	124.5	40.2	10.7	45.1	3.5	17,012	3,871
November	123.6	40.2	10.7	51.4	3.5	17,402	4,466
December	123.5	40.1	10.6	49.7	3.5r/	18,081	4,249
1979							
January	125.3	40.3	10.4	49.1	3.7	17,607	4,838
February	125.2	40.4	9.0	50.5	3.6	16,492	4,416
March	126.4	40.0r/	10.9	50.3	3.4	17,517	4,425
April	122.7	38.6	10.8	54.5	2.6	19,611	4,684
May	126.4	39.9	10.2	47.9	3.2	19,011	4,671
June	126.6	39.9	9.6	48.5	3.3	17,440	4,446
July	127.9	40.1	8.6	47.4	3.5r/	18,113	4,445
August	128.6	40.0	9.7	47.4	3.4	18,606	4,810
September	128.6	39.8r/	10.0	47.9	3.3	17,596	4,450
October	128.7	40.0	9.5	51.5	3.3	18,027	4,736
November	128.5	39.8r/	10.2	51.2	3.6	15,262	4,857
December	128.3	40.0r/	10.0	52.5	3.2r/	13,130	4,619
1980							
January	127.6	39.6	9.2	56.1	3.2	13,773	4,796
February	129.4	39.6	9.0	54.7	3.1r/	15,440	5,411
March	126.3	39.7r/	9.0	58.8	3.2	10,136	4,505
April	122.8	39.6r/	8.7	59.2	3.0	9,354	4,627
May	119.7	39.5	8.2	61.5	3.0r/	7,540	4,200
June	119.9	39.4r/	7.4	61.7	2.7	10,084	3,998
July	121.8	39.3r/	7.1	60.5	2.8r/	13,069	4,453
August	123.6	39.4r/	6.9	57.8	2.9	11,974	4,470
September	126.1	39.5r/	7.6	58.1	3.0r/	15,942	4,755
October	126.2	39.3	7.2	55.1	3.0	13,581	5,269
November	128.6	39.6r/	7.8	54.8	3.1	12,224	4,573
December	127.4	39.7r/	7.4	58.0	3.2r/	11,858	5,319
1981							
January	128.1	40.0r/	8.5	52.3	3.2	10,336	4,903
February	126.6	39.8	8.0	53.2	2.8	11,701	5,363
March		39.5	8.3	58.4	3.0	10,024	

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

	Coincident Indicators						Other Indicators
Year and Month	Nonagricultural Employment (thousands)	Wages and Salaries in Mining, Manufacturing and Construction (mil dol.)a/	Unemployment Rate	Insured Unemployment Average Weeks Claimed r/ (thousands)	Personal Income (mil dol.)a/	Taxable Salesr/ (mil dol.)b/	Manufacturing Employment (thousands)
1978							
January	8,941.0		7.3	329			1,806.4
February	9,003.0	34,237	7.7	321	189,778	26,320	1,815.3
March	9,069.9		7.8	306			1,824.3
April	9,108.7		7.3	299			1,830.7
May	9,181.0	35,521	7.5	296	194,725	28,170	1,849.2
June	9,230.1		7.2	281			1,867.4
July	9,186.8		7.8	310			1,883.8
August	9,222.9	36,252	6.9	367	201,578	28,904	1,898.5
September	9,285.5		6.6	315			1,908.4
October	9,326.5		6.4	306			1,921.5
November	9,379.2	37,945	6.3	297	208,298	29,866	1,940.3
December	9,411.4		6.5	296			1,951.1
1979							
January	9,494.4		6.7	297			1,970.7
February	9,531.8	40,513	6.5	293	218,056	31,041	1,979.2
March	9,573.8		6.5	297			1,988.1
April	9,557.5		6.2	299			1,989.9
May	9,607.2	41,817	6.0	295	222,834	32,140	1,998.5
June	9,626.4		5.9	276			2,001.3
July	9,680.5		5.9	280			2,009.5
August	9,714.8	42,543	6.2	282	230,967	33,410	2,010.1
September	9,736.8		6.3	284			2,004.2
October	9,782.0		6.2	291			2,021.3
November	9,823.4	43,860	6.0	294	240,209	34,893	2,029.2
December	9,841.4		6.3	305			2,031.4
1980							
January	9,847.7		6.0	308			2,035.2
February	9,914.8	45,943	6.3	319	248,471	35,375	2,038.7
March	9,901.5		6.2	335			2,031.7
April	9,881.1		7.0	346			2,020.7
May	9,852.5	46,034	7.1	356	252,615	34,704	2,003.6
June	9,807.5		7.2	391			1,984.5
July	9,843.4		6.7	403			1,985.1
August	9,852.8	46,027	7.1	402	259,487	35,661	1,982.2
September	9,887.9		6.9	423			1,987.2
October	9,949.6r/		7.2	420			2,017.3r/
November	9,942.9r/	47,137	7.2	384	266,670r/	36,942	2,010.2r/
December	9,984.3r/		6.6	402			2,017.7r/
1981							
January	10,051.0r/		7.5	338			2,033.3r/
February	10,062.1		7.6	361			2,029.8
March	10,037.0		7.2	366			2,013.6

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

	Other Indicators									
		Consumer Price Index (1967=100)c/								
		San Francisco			Los Angeles					
		Wage Earner and Clerical Worker			Wage Earner and Clerical Worker					
Year and Month	DOD Prime Contractsr/ (mil dol.)b/	Old Series	New Series	All Urban	Old Series	New Series	All Urban	California Commercial and Industrial Loans (mil dol.)	California Demand Deposits Adjusted (mil dol.)	Electricity Productionr/ (mil KWH)
1978										
January		--	--	--	185.4	185.6	185.5	21,329	25,478	10,056
February	2,381	--	189.5	189.2	185.8	186.8	186.5	21,654	25,240	10,207
March		191.0	--	--	186.9	187.1	187.4	22,265	26,367	10,873
April		--	192.4	192.8	188.9	188.9	189.6	22,395	26,480	10,717
May	2,785	--	--	--	190.9	191.2	191.5	23,779	27,587	11,489
June		196.8	198.7	199.3	193.1	193.0	193.4	23,457	26,345	11,239
July			--	--		194.3	194.3	23,727	27,057	11,079
August	2,662		204.0	204.7		194.7	194.9	24,061	27,550	11,998
September			--	--		196.9	197.3	23,853	26,931	10,825
October			202.6	203.2		197.2	197.8	24,178	26,545	12,545
November	2,737		--	--		197.5	198.1	24,790	27,695	13,202
December			200.4	200.8		197.0	197.1	24,390	26,956	13,933
1979										
January			--	--		199.7	199.6	24,955	27,782	13,498
February	3,053		204.2	203.9		202.3	201.9	25,563	27,761	12,435
March			--	--		204.4	203.8	25,917	27,011	10,402
April			209.3	208.8		208.8	207.8	25,836	29,474	11,829
May	2,424		--	--		212.4	211.0	26,618	29,038	14,132
June			213.7	212.5		214.5	212.9	26,786	28,141	14,539
July			--	--		216.8	214.7	27,380	28,715	13,082
August	3,441		218.6	218.3		219.6	217.5	27,864	29,326	12,442
September			--	--		223.0	220.7	27,517	28,360	12,687
October			220.8	221.5		224.0	221.8	28,191	28,613	12,039
November	3,251		--	--		225.8	224.2	27,628	29,341	12,768
December			229.0	230.2		229.9	228.0	28,396	29,951	12,938
1980										
January			--	--		235.0	232.6	28,763	30,657	12,731
February	3,575		240.0	240.7		240.0	237.6	29,315	29,968	13,310
March			--	--		243.9	241.3	29,691	29,037	12,229
April			242.8	243.5		247.8	244.6	28,967	30,181	12,268
May	3,388		--	--		252.6	249.1	29,091	29,577	10,291
June			247.7	248.0		253.4	250.1	29,203	29,049	9,675
July			--	--		251.5	248.7	29,414	29,714	11,715
August	3,666		251.4	251.0		250.1	247.3	29,979	29,981	12,019
September			--	--		251.6	249.6	30,175	30,939	11,738
October			252.6	251.9		254.9	252.6	30,961	30,809	12,115
November			--	--		258.4	255.5	31,832	30,802	11,364
December			255.7	254.9		262.2	258.7	32,213	30,041	
1981										
January			--	--		262.7	259.4			
February			261.6	260.5		265.0	261.6			
March			--	--		266.5	263.3			

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a/Quarterly data, annual basis.
b/Quarterly data.
c/Not adjusted for seasonal variation.
r/Revised

2943A

CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

1961

February 17-23	National airline strike.
March 9-13	California dock strike by Teamsters.
May 5	Minimum wage legisation signed: $1.15 for 2 years, $1.25 thereafter.
June 16-July 4	National maritime strike. Strike resumed September 28-October 12 against owners of 1/3 West Coast merchant fleet.
August 11	Duty exemption for U.S. travelers returning from abroad cut from $500 to $100.
August 26	American Motors Corporation--UAW profit-sharing pact announced.
September 6-24	UAW-GM strike.
October 3-15	UAW-Ford strike.

1962

January 1	Federal Reserve Board and Federal Deposit Insurance Corporation authorize commercial banks to raise interest rates to 3-1/2 percent on all savings and time deposits of six months or longer, and to 4 percent on deposits of one year or more.
March 16-April 11	West Coast maritime strike.
May 1-June 26	Northern California construction strike. Southern California strike, June 18-27. San Diego strike, June 21-July 10.
May 28	"Blue Monday." Dow Jones Industrial Average dow 34.95 points, sharpest drop since October 28, 1929. Week of May 21-25: average down 38.82, largest one-week decline on record.
July 10	Stock margin requirements cut from 70 percent to 50 percent.
July 11	Revision of depreciation schedules announced by Treasury.

1963

October 18	Commercial bank reserve requirements against time deposits reduced from 5 percent to 4 percent.
June 5	Silver backing for Treasury silver certificates removed to ease pressure on silver prices. Sale of silver from Treasury stockpile started September 12.
July 17	Discount rate raised from 3 percent to 3-1/2 percent.
November 5	Stock margin requirements raised from 50 percent to 70 percent.
November 22	President Kennedy assassinated.

1964

February 26	Federal income tax cut measure signed into law. Reflected in withholding rates effective March 5. Individual tax rates cut from 20 percent to 91 percent range to 14 percent to 70 percent range. Corporation reduction to 48 percent from 52 percent.
September 25-November 8	UAW strike against GM.
November 23	Discount rate increased from 3-1/2 percent to 4 percent.
December 22-24	Northern Calfornia floods.

1965

March 1-23	Strike by steel workers at American and Continental can companies.
June 16-August 7	Northern California construction strike.
June 17-July 11	Southern California construction strike.
August 11-17	Los Angeles riots, Watts area.
December 6	Discount rate raised from 4 percent to 4-1/2 percent.

1965--Continued

December 13	Permitted interest on savings accounts raised from 4-1/2 percent to 5-1/2 percent under Regulation Q.

1966

January 1	Increased social security taxes in effect.
February 8	FHA interest rate raised from 5-1/4 percent to 5-1/2 percent, no change in 1/2 percent loan insurance rate.
March 11	Prime rate raised from 5 percent to 5-1/2 percent in Eastern financial markets.
March 16	Auto excise tax raised from 6 percent to 7 percent.
April 1	Telephone excise tax of 10 percent reinstated.
April 12	FHA interest rate increased from 5-1/2 percent to 5-3/4 percent.
May 1	Increased withholding tax rates in effect.
June 30	Prime rate raised from 5-1/2 percent to 5-3/4 percent in New York, Chicago.
July 8-August 20	Airline strike.
August 16	Prime rate up to 6 percent, Eastern cities.
October 3	FHA interest rate raised from 5-3/4 percent to 6 percent.
October 10	Suspension of 7 percent investment credit and accelerated depreciation allowance.

1967

January 26	Prime rate lowered from 6 percent to 5-1/2 percent.
February 1	Minimum wage increased to $1.40 from $1.25 per hour.
March 9	Investment tax credit and accelerated depreciation allowance reinstated.
April 7	Discount rate lowered from 4-1/2 percent to 4 percent.

1967--Continued

April 21-July 26	Rubber strike.
July 15- March 20, 1968	Copper strike.
August 30	Steel price rises announced.
September 6- October 25	UAW strike against Ford.
November 20	Discount rate raised from 4 percent to 4-1/2 percent. Prime rate increased from 5-1/2 percent to 6 percent.
December 15	Los Angeles (Herald Examiner) newspaper strike.
December 27	Increase of 1/2 percent in reserve requirements announced. Effective in two stages during January 1968.

1968

January 1	Wage base for social security contributions raised from $6,600 to $7,800.
January 5- February 25	San Francisco newspaper strike.
February 1	Minimum wage increased to $1.60 from $1.40 per hour.
March 1	Increase in social security benefit payments, averaging 13 percent.
March 15	Discount rate raised from 4-1/2 percent to 5 percent. San Francisco increase effective March 18; New York up March 22. Highest level since 1929.
March 15-April 1	Trading in London gold market suspended. Two-price system for gold effective March 18 by London gold pool countries.
April 1	Personal income tax surcharge. See June 28.
April 1-June 13	San Francisco area machinists and electrical workers strike.
April 19	Discount rate raised to 5-1/2 percent. Prime rate increased from 6 percent to 6-1/2 percent.
May 7	FHA interest rate raised from 6 percent to 6-3/4 percent.
May 16	UAW suspended from AFL-CIO.

1968--Continued

June 8	Stock margin requirements raised from 70 percent to 80 percent.
June 28	Tax surcharge and $6 billion Federal spending cut legislation signed by President Johnson. 10 percent surcharge retroactive to April 1 for individuals, January 1 for corporations.
July 15	Increased personal income tax withholding in effect.
August 16-29	Federal reserve discount rate lowered from 5-1/2 percent to 5-1/4 percent.
September 25	Prime rate lowered from 6-1/2 percent to 6 percent by Chase Manhattan. (Subsequent reduction by other banks to 6-1/4 percent. Chase Manhattan rate raised to 6-1/4 percent effective November 13.)
December 2	Prime rate raised from 6-1/4 percent to 6-1/2 percent.
December 18	Federal Reserve discount rate raised from 5-1/4 percent to 5-1/2 percent. Prime rate raised from 6-1/2 percent to 6-3/4 percent.

1969

January 1	Social security contribution rate increased to combined 9.6 percent.
January 7	Prime rate raised from 6-3/4 percent to 7 percent.
January 24	FHA interest rate raised from 6-3/4 percent to 7-1/2 percent.
March 17	Prime rate raised from 7 percent to 7-1/2 percent.
April 3	Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised.
June 9	Prime rate raised from 7-1/2 percent to 8-1/2 percent.
June 12	Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent.

1970--Continued

October 27- February 1970	General Electric strike.

1970

January 1	Personal income tax surcharge reduced to 5 percent. Withholding cut.
January 5	FHA interest rate raised from 7-1/2 percent to 8-1/2 percent.
January 21	Increased schedule of interest rates on time deposits and certificates of deposit in effect.
March 25	Prime rate reduced from 8-1/2 percent to 8 percent.
April 2-June 2	Teamster strike.
May 6	Stock margin requirement cut from 80 percent to 65 percent.
July 1	Personal income tax surcharge removed.
September 14- November 23	UAW strike against GM.
September 22	Prime rate reduced from 8 percent to 7-1/2 percent.
November 10	Discount rate reduced from 6 percent to 5-3/4 percent.
November 12	Prime rate reduced from 7-1/2 percent to 7-1/4 percent.
November 23	Prime rate reduced from 7-1/4 percent to 7 percent.
December 1	Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent.
December 20	13-week extended duration unemployment benefits in effect.
December 22	Prime rate reduced from 7 percent to 6-3/4 percent.

1971

January 6	Prime rate reduced from 6-3/4 percent to 6-1/2 percent.

	1971--Continued
January 8	Discount rate reduced from 5-1/2 percent to 5-1/4 percent.
January 12	FHA interest rate reduced from 8 percent to 7-1/2 percent.
January 15	Prime rate reduced from 6-1/2 percent to 6-1/4 percent.
January 18	Prime rate reduced from 6-1/4 percent to 6 percent.
January 19	Discount rate reduced from 5-1/4 percent to 5 percent.
February 4	Rolls Royce bankruptcy announced.
February 9	Los Angeles earthquake.
February 12	Discount rate reduced from 5 percent to 4-3/4 percent.
February 16	Prime rate reduced from 6 percent to 5-3/4 percent.
February 23	Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered.
March 16	Prime rate reduced from 5-3/4 percent to 5-1/2 percent.
March 17	Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972.
March 25	SST program terminated.
April 1	Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent.
April 23	Prime rate raised from 5-1/4 percent to 5-1/2 percent.
May 1	Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent.
May 17-18	Rail strike.
June 1-July 27	Communications workers strike against Western Union.

	1971--Continued
June 15-21	Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7.
June 29-July 16	Northern California construction strike.
July 1-October 6	West Coast dock strike.
July 14-August 2	Telephone strike.
July 15	Discount rate raised from 4-3/4 percent to 5 percent.
July 16-August 2	Rail strike.
July 31	Steel strike averted by accord on contract.
August 2	Lockheed loan guarantee approval.
August 3	Teamsters walkout in Northern California against building contractors.
August 15-November 13	President's economic policy message; 90-day wage-price freeze in effect.
October 1	East and Gulf Coast longshoremen's strike.
October 20	Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4.
November 11	Discount rate reduced from 5 percent to 4-3/4 percent.
November 14	Phase II of NEP in effect.
December 6	Stock margin requirements cut from 65 percent to 55 percent.
December 10	Revenue Act of 1971 signed into law.
December 13	Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.* Intent to devalue U.S. dollar announced.

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

1972

January 17- February 20	West Coast dock strike continued.
February 1- March 15	Kaiser Steel Company strike.
July 1	20 percent increase in social security benefits signed into law. Effective September.
September 11	Opening of BART Fremont-Oakland line.
September 21	"Friends of Mammoth" decision.
November 24	Stock margin requirements raised to 65 percent.

1973

January 11	Phase III of NEP in effect.
January 15	Discount rate raised from 4-1/2 percent to 5 percent.
January 27	Viet Nam cease fire signed.
January 29	Opening of BART Richmond-Oakland line.
February 12	10 percent devaluation of U.S. dollar announced.
March 2	Major foreign currency exchanges closed.
March 29	Price controls of meat announced.
April 9-13	Consumer meat boycott.
April 23	Discount rate raised from 5-1/2 percent to 5-3/4 percent.
May 10	Discount rate raised from 5-3/4 percent to 6 percent.
June 11	Discount rate raised from 6 percent to 6-1/2 percent.
June 14	60-day price freeze announced.
July 2	Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits.
July 6	Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent.

1973--Continued

July 18	Phase IV announced.
August 27	Prime rate at 9-3/4 percent in major institutions.
October 17	Arab nations announce reductions in oil shipment.
November 5- December 18	TWA strike.

1974

January 3	Stock margin requirements cut from 65 percent to 50 percent.
February 1-11	Independent truckers strike, midwest and east coast.
February 15	Prime rate reduced to 9 percent.
February 22	Prime rate reduced to 8-3/4 percent.
March 4	California minimum wage increased to $2.00 per hour from $1.65.
March 18	Arab oil embargo lifted.
March 27	Prime rate increased to 9 percent from 8-3/4 percent.
March 28	Prime rate further increased to 9-1/2 percent.
April 25	Federal Reserve raised discount rate to 8 percent from 7-1/2 percent.
April 29	Prime rate up to 10-3/4 percent.
April 30	Phase IV controls lifted in approximately 165 sectors of the economy.
June 17-August 4	San Diego construction strike.
June 17-July 21	Northern California construction strike.
July 1- Mid-August	Southern California construction strike.
July 1	Transit strikes, San Francisco Bay Area.
August 2- October 21	Los Angeles area transit strike.
August 8	Resignation of President Nixon announced.

1974--(Continued)

August 14	FHA mortgage rate raised to 9-1/2 percent. Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes: October 21......11 1/2 percent October 28......11 1/4 percent November 4 .....11 percent November 14.....10 3/4 percent November 25.....10 1/2 percent
October 8	Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks.
November 12-December 9	Coal strike.
December 9	Discount rate reduced from 8 percent to 7-3/4 percent.

1975

January 6	Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent.
January 10	Oil Chemical Atomic Workers Union strike.
January 13	Prime rate reduced to 10 percent. Further major cuts as follows: Jannuary 21.....9 3/4 percent January 31......9 percent February 6......8 3/4 percent February 19.....8 1/2 percent March 3.........8 1/4 percent March 8.........8 percent
January 21	FHA mortgage rate reduced from 9 percent to 8-1/2 percent.
February 5	Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent.
March 10	Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent.
March 24	Prime rate reduced to 7-1/2 percent by most major banks.
March 25	King Faisal assassinated.
March 29	Tax reduction act signed into law.
May 19	Prime rate reduced to 7-1/4 percent by several major banks.
June 10	Prime rate reduced to 7 percent by most banks.

1975--Continued

July 18	Prime rate increased to 7-1/4 percent. Further gains as follows: July 25.........7-1/2 percent August 11.......7-3/4 ercent September 15....8 percent
September 1	National Airlines strike.
October 16	Reserve requirement on time deposits reduced from 3 percent to 1 percent.
October 24	Prime rate reduced to 7-3/4 percent. Further reductions as follows: October 31......7-1/2 percent November 21.....7-1/4 percent
December 5-19	United Airlines strike.

1976

January 12	Prime rate lowered to 7 percent.
January 19	Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent.
January 21	Prime rate reduced to 6-3/4 percent.
April 1-3	Teamsters strike.
April 9-June 4	Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks.
April 21	Rubber workers strike.
July 20-August 2	Cannery workers strike.
August 2	Prime rate reduced to 7 percent. Further reductions as follows: October 4.......6-3/4 percent October 29......6-1/2 percent December 10.....6-1/4 percent
September 15-October 13	Auto workers strike.
October 18	California minimum wage raised to $2.50 per hour.
December 22	Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent.

1977

May 16	Prime rate raised to 6-1/2 percent.

1977--Continued

May 31	Prime rate raised to 6-3/4 percent.
August 22	Prime rate raised to 7 percent.
August 30	Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974.
September 16	Prime rate raised to 7-1/4 percent.
October 1-November 24	Longshoremen's strike against East and Gulf Coast ports.
October 7	Prime rate raised to 7-1/2 percent.
October 10-January 4	IAM-Lockheed strike.
October 24	Prime rate raised from 7-1/2 percent to 7-3/4 percent.
October 26	Discount rate raised from 5-3/4 percent to 6 percent.
December 6-March 24	United Mine Workers strike.

1978

January 1	U.S. minimum wage increased to $2.65 per hour.
January 9	Discount rate raised from 6 percent to 6-1/2 percent.
January 10	Prime rate raised to 8 percent.
February 28	FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent.
April 1	California minimum wage increased from $2.50 to $2.65 per hour.
April 1-May 28	United Airlines strike.
May 4	Prime rate raised from 8 percent to 8-1/4 percent.
May 8	California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent.
May 12	Discount rate raised to 7 percent.

1978--Continued

May 23	Federal funds rate increased to 7-1/2 percent.
	FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent.
May 26	Prime rate raised from 8-1/4 percent to 8-1/2 percent.
June 6	Proposition 13 approved by California voters.
June 16	Prime rate raised to 8-3/4 percent.
June 20	OPEC announced a freeze on crude oil prices until December 16.
June 22	Federal funds rate raised from 7-1/2 percent to 7-3/4 percent.
June 29	FHA-VA mortgage rate raised to 9-1/2 percent.
June 30	Prime rate raised to 9 percent.
July 10	Discount rate raised to 7-1/4 percent.
July 18	Teamsters union strike affecting supermarkets throughout Northern California.
August 20	Retail clerks union strike in Southern California.
August 21	Discount rate raised to 7-3/4 percent.
August 29	Federal funds rate raised from 8-1/8 percent to 8-1/4 percent.
August 31	Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent.
September 15	Prime rate raised to 9-1/2 percent.
September 22	Discount rate raised from 7-3/4 percent to 9-3/4 percent.
September 28	Prime rate raised from 9-1/2 percent to 9-3/4 percent.
October 12	Prime rate raised from 9-3/4 percent to 10 percent.

CHRONOLOGY--Continued

1978--Continued

October 15	Tax cut and energy bills passed by Congress.
October 16	Discount rate raised from 8 percent to 8-1/2 percent.
October 18	Federal funds rate raised from 8-3/4 percent to 8-7/8 percent.
October 24	Prime rate raised from 10 percent to 10-1/4 percent.
	California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions.
October 24	Phase II announced: voluntary guidelines on wages and prices.
November 1	Discount rate raised from 8-1/2 percent to 9-1/2 percent.
	Prime rate raised to 10-1/2 percent.
November 3	Prime rate raised from 10-1/2 percent to 10-3/4 percent.
November 13	Prime rate raised from 10-3/4 percent to 11 percent.
November 24	Prime rate raised to 11-1/2 percent.
November 27	Federal funds rate raised from 9-3/4 percent to 9-7/8 percent.
December 4	Rollover for 6-month certificates of deposit (CDs) began this week.
December 19	Federal funds rate raised to 10 percent.
December 20	Prime rate raised to 11-3/4 percent.

1979

January 1	U.S. minimum wage increased to $2.90 per hour.
January 13	Prime rate reduced to 11-1/2 percent.
March 15	Terms for MMCs changed. 1/4 point differential over 9 percent eliminated.

1979--Continued

March 27	OPEC price increases: 9 percent. Selected surcharges imposed.
March 31	United Airlines-machinist strike.
April 1-10	Teamsters strike.
May 7	Prime rate moved to 11-3/4 percent from 11-1/2 percent.
May 19	Federal funds rate set at 7-1/4 percent.
May 26	United Airlines strike ended.
May 30	Interest rate on conventional mortgages raised to 11-3/4 percent.
June 12	Prime rate reduced to 11-1/2 percent.
July 1	Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks.
July 20	Discount rate raised from 9-1/2 percent to 10 percent.
August 16	Discount rate raised to 10-1/2 percent.
August 24	Federal funds rate raised from 11 percent to 11-1/4 percent.
August 26-September 10	Los Angeles Rapid Transit District strike.
August 28	Prime rate raised from 12 percent to 12-1/4 percent.
August 31-November 21	BART strike.
September 4	Federal funds rate raised from 11-1/percent

1980

February 25	Prime rate raised to 16-1/2 percent.
February 27	Ceilings on interest rates for government backed mortgages raised to 13 percent.
February 29	Prime rate raised to 16-3/4 percent.

	1980--Continued
March 4	Prime rate raised to 17-1/4 percent.
March 7	Prime rate raised to 17-3/4 percent.
March 13	Prime rate raised to 18-1/4 percent.
March 14	Announcement of tighter fiscal policies.
March 18	Prime rate raised to 19 percent.
April 2	Prime rate raised to 20 percent.
April 3	FHA mortgages raised to 14 percent.
April 20	Prime rate reduced to 19-1/2 percent.
April 28	FHA mortgages reduced to 13 percent.
	Prime rate reduced to 18-1/2 percent.
May 5	Prime rate reduced to 18 percent.
May 7	Prime rate reduced to 17 percent.
May 12	Prime rate reduced to 16-1/2 percent.
May 19	Prime rate reduced to 16 percent.
May 28	Discount rate lowered to 12 percent from 13 percent.
June 4	Prime rate reduced to 13 percent.
June 12	Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent.
June 20	Prime rate reduced to 12 percent.
June 24	Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent.
June 25	Carpenters strike in Northern California ended.
July 3	ICC begins trucking industry deregulation.
July 21	Motion picture and television industry strike.

	1980--Continued
July 22	Prime rate reduced to 11 percent.
July 25	Prime rate reduced to 10-3/4 percent.
July 28	Discount rate reduced to 10 percent.
August 5	Prime rate raised to 11 percent.
August 27	Prime rate raised to 11-1/2 percent.
September 5	FHA mortgage interest rate raised from 11-1/2 to 12 percent.
September 12	California morgage rate raised from 13-1/2 percent to 13-3/4 percent.
September 25	Pacific Southwest Airlines (PSA) pilots strike begins.
September 26	Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent.
October 2	Prime raised from 13 to 13-1/2 percent.
October 3	Prime raised to 14 percent.
October 15	AFTA workers return to work.
October 23	Screen Actors Guild strike ends.
October 30	Prime raised from 14 to 14-1/2 percent.
November 7	Prime raised from 14-1/2 to 15-1/2 percent.
November 14	PSA pilots strike ends.
November 17	Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent.
November 21	Prime raised to 17 percent.
November 28	Prime raised to 17-3/4 percent.
December 3	Prime raised from 17-3/4 to 18-1/2 percent.
December 5	Discount rate raised from 12 to 13 percent. Prime raised to 19 percent.
December 11	Prime raised to 20 percent.

1980--Continued

December 17	Prime raised from 20 to 21 percent.
December 23	Prime lowered from 21 to 20-1/2 percent.

1981

January 1	Minimum wage raised from $3.10 to $3.35.
January 6	Prime lowered to 20 percent.
January 20	American hostages released from Iran.
	Ronald Reagan inaugrated as 40th President of the U.S.
January 28	Deregulation of oil and gas industry announced, effective immediately.
January 29	Prime rate lowered to 19-1/2 percent from 20 percent.
February 16	General Motors and Ford rebate plans announced.
February 23	Prime rate lowered to 18 percent.

1981--(Continued)

March 2	Prime rate lowered to 18-1/2 percent.
March 10	Prime rate lowered to 18 percent.
March 16	Prime rate lowered to 17-1/2 percent.
March 18	Prime rate lowered to 17 percent.
March 26	United mine workers strike.
April 13	Prime rate raised to 17-1/2 percent.
April 29	Prime rate raised to 18 percent.
May 4	Prime rate raised to 19 percent.
May 5	Discount rate raised from 13 percent to 14 percent.
May 8	FHA-VA rate up to 15-1/2 percent from 14-1/2 percent.
May 11	Prime rate raised to 19-1/2 percent.

SOURCES OF STATISTICAL SERIES

Employment Development Department Employment Data and Research	Civilian employment Unemployment Unemployment rate Nonagricultural employment Manufacturing employment Hours and earnings Nonagricultural placements Initial claims for unemployment insurance Insured unemployment Index for production worker man-hours
Department of Industrial Relations Division of Labor Statistics and Research	California consumer price index
Department of Finance	Personal income Wages and salaries Index of leading indicators
Department of Motor Vehicles	New auto registrations
State Board of Equalization	Taxable sales
Security Pacific National Bank	Housing units authorized Valuation of nonresidential construction
U.S. Department of Commerce	Retail sales
U.S. Bureau of Labor Statistics	Consumer price indices
U.S. Department of Defense	Prime defense contracts
Federal Power Commission	Electricity production
California Redwood Association	Lumber production
Conservation Committee of California Oil Producers	Petroleum production
American Iron and Steel Institute	Steel production
U.S. Bureau of Mines	Cement production
Dun and Bradstreet	Business failures and liabilities
California Secretary of State	New business incorporations
Federal Reserve Bank of San Francisco	Demand deposits Commercial and industrial loans

REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854 -

Initial trough	Peak	Terminal trough	Expansion (months)	Contraction (months)	Total (months)
Dec. 1854	June 1857	Dec. 1858	30	18	48
Dec. 1858	Oct. 1860	June 1861	22	8	30
June 1861	April 1865	Dec. 1867	46	32	78
Dec. 1867	June 1869	Dec. 1870	18	18	36
Dec. 1870	Oct. 1873	March 1879	34	65	99
March 1879	March 1882	May 1885	36	38	74
May 1885	March 1887	April 1888	22	13	35
April 1888	July 1890	May 1891	27	10	37
May 1891	Jan. 1893	June 1894	20	17	37
June 1894	Dec. 1895	June 1897	18	18	36
June 1897	June 1899	Dec. 1900	24	18	42
Dec. 1900	Sept. 1902	Aug. 1904	21	23	44
Aug. 1904	May 1907	June 1908	33	13	46
June 1908	Jan. 1910	Jan. 1912	19	24	43
Jan. 1912	Jan. 1913	Dec. 1914	12	23	35
Dec. 1914	Aug. 1918	March 1919	44	7	51
March 1919	Jan. 1920	July 1921	10	18	28
July 1921	May 1923	July 1924	22	14	36
July 1924	Oct. 1926	Nov. 1927	27	13	40
Nov. 1927	Aug. 1929	March 1933	21	43	64
March 1933	May 1937	June 1938	50	13	63
June 1938	Feb. 1945	Oct. 1945	80	8	88
Oct. 1945	Nov. 1948	Oct. 1949	37	11	48
Oct. 1949	July 1953	May 1954	45	10	55
May 1954	Aug. 1957	April 1958	39	8	47
April 1958	April 1960	Feb. 1961	24	10	34
Feb. 1961	Dec. 1969	Nov. 1970	106	11	117
Nov. 1970	Nov. 1973	March 1975	36	16	52
March 1975	Jan. 1980		58		

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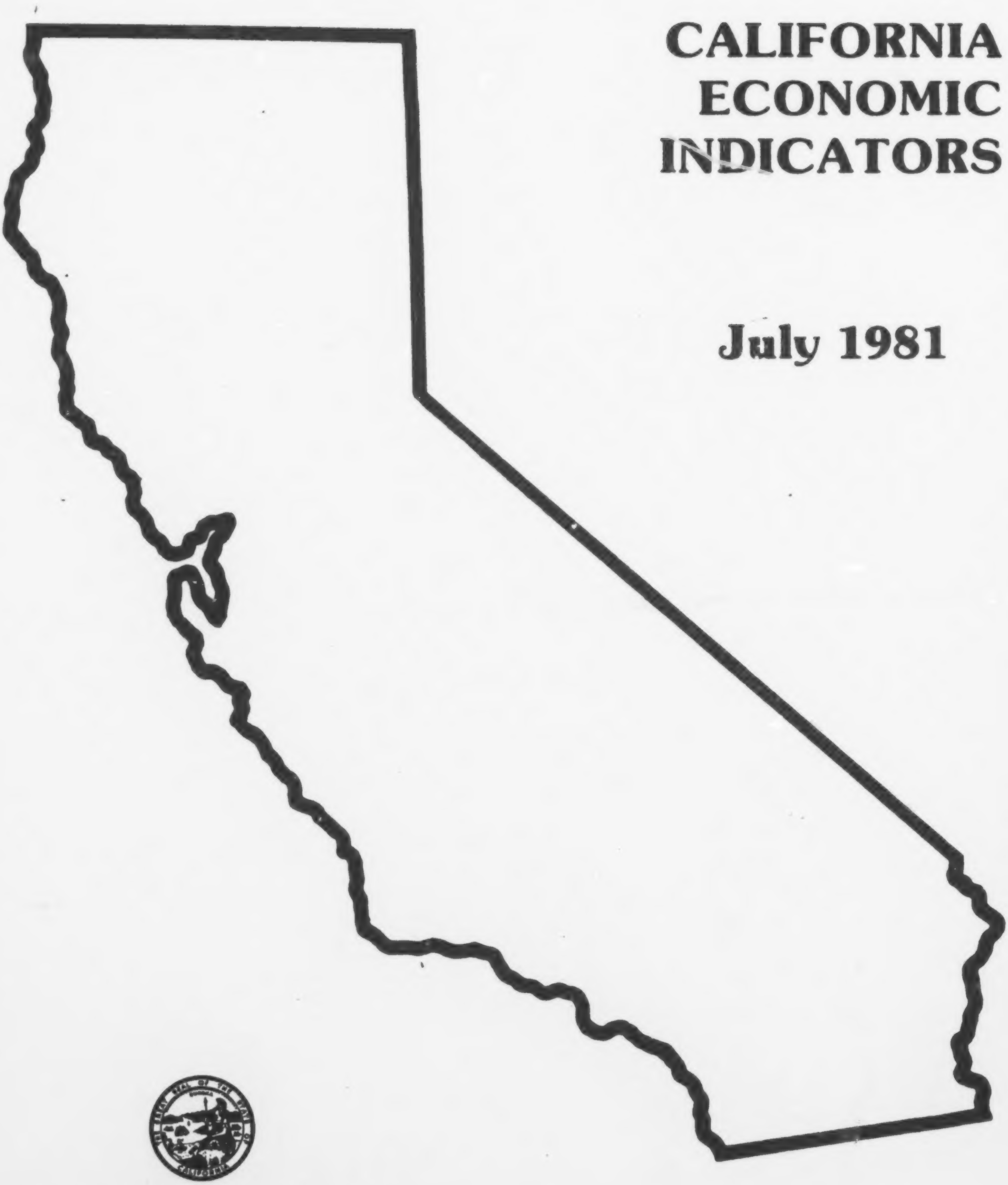
CALIFORNIA ECONOMIC INDICATORS

July 1981



DEPARTMENT OF FINANCE

INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events.

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1971 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

Individuals or businesses seeking assistance in their economic development or job creation efforts are advised to contact the Department of Economic and Business Development. The Department can also provide additional general information on economic opportunities in California. Correspondence should be addressed to: State of California, Department of Economic and Business Development, 1120 N Street, Sacramento, CA 95814.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to: State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $5.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

Beginning Subscription Date	Prorated Amount Due
January	$5.00
March	4.15
May	3.35
July	2.50
September	1.65
November	0.85

Mail subscription requests to the California Department of Finance, P.O. Box 151, Sacramento, CA 95801. Make checks payable to the California Department of Finance.

REVIEW OF ECONOMIC DEVELOPMENTS

The California economy, although experiencing some minor fluctuations, is continuing to outpace the U.S. as a whole. The California unemployment rate was 6.7 percent, while the U.S. average was 7.3 percent. This is the fourth straight month that California's unemployment rate has been below the U.S. average, and the tenth time in the last 12 months.

Civilian employment sagged somewhat in June, down 0.9 percent, to a seasonally adjusted 10,567,000 employed. Nonetheless, civilian employment is 1.9 percent higher this June over June 1980, reflecting gradual recovery from the recession in 1980.

Nonagricultural wage and salary employment also eased in June, off 0.3 percent, to a seasonally adjusted level of 10,027,300. Although this is a decrease of 31,400 jobs from May, it is an increase of 219,800 jobs from the year-earlier level. Excluding governmental employees, this represents an increase of 2.8 percent.

Not all sectors have shown improvement over the year. Seasonally adjusted construction employment is at the lowest level since August 1978. June 1981 employment of 429,200 is off 0.2 percent from June 1980, and down 2.0 percent from May 1981. Until interest rates fall--the prime rate was up again early in July to 20.5 percent, substantial improvement cannot be expected.

Manufacturing employment, though down 0.6 percent for June 1981, is up 19,700 jobs (+1.0 percent) over June 1980. Other sectors experiencing similar trends for June 1981 include: aerospace, transportation-communication, and mining.

In contrast to these patterns, are the gains in employment over both May 1981 and June 1980 in the finance, service, and State and local government sectors.

(All nonagricultural employment data, including the numbers in the California Economic Factors Table, represent the Interim Benchmark Series prepared by the Employment Development Department. June data are estimated by the Department of Finance based upon the official BLS employment series.)

The inflation rate in California, as measured by the Consumer Price Index, has slowed down. Whereas the year-to-year change in the California Index ran about 15.5 percent during 1980, the most recent data for April showed a 9.6 percent year to year change. This easing of prices can be traced to negligible gains in food prices and a slowing in energy price rises due to the world-wide oil glut.

The Los Angeles-Long Beach all urban CPI rose 0.7 percent in May to 267.3 (1972=100). This is an increase over May 1980 of 7.3 percent, in contrast to the U.S. all urban CPI, up 9.8 percent over the year.

Food prices were unchanged during the month, holding down the index. Housing costs, up 0.9 percent, and the transportation component, up 0.8 percent, were major gainers. The San Diego all urban CPI rose 1.5 percent in May, largely because of the rises in housing (+1.7 percent) and transportation (+2.3 percent).

The California Index of Leading Economic Indicators remained at 126.6 (1972=100) for the third month in a row. This suggests the current stability in the California economy will continue through third quarter 1981.

Construction activity in California has been very sporatic in the first half of 1981. On a seasonally adjusted annual rate, housing units authorized slipped 8.2 percent in January, rose 13.2 percent in February, fell 14.3 percent in March, climbed 32.3 percent in April and dropped 18.2 percent in May. Nevertheless, the May rate of 145,000 housing units authorized is 44.6 percent greater than in May 1980.

Nonresidential building valuations have followed a course similar to that of housing units authorized. Although nonresidential valuations dipped 27.5 percent in May, to $727 million, they are still 36.7 percent higher than in May 1980. As noted above, stability in the construction industry cannot be expected until interest rates start falling.

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CURRENT CALIFORNIA ECONOMIC DATA

	1981				1980		Percent Change
	May	April	March	February	May	April	May 1980-May 1981
Employment[a]							
Civilian employment (000)	10,665	10,647	10,523	10,493	10,394	10,426	2.6
Unemployment (000)	740	815	822	859	789	782	-6.2
Unemployment rate	6.5	7.1	7.2	7.6	7.1	7.0	--
Nonagricultural wage and salary employment[b] (000)	10,051.7	10,043.8	10,037.3	10,062.1	9,852.5	9,881.1	2.0
Mining	46.0	46.0	46.2	46.9	43.3	42.9	6.2
Construction	437.3	443.0	441.3	448.5	441.2	451.9	-0.9
Manufacturing	2,014.8	2,017.3	2,013.6	2,029.8	2,003.6	2,020.7	-0.1
Aerospace[c]	620.0	621.0	621.2	624.7	617.0	615.8	0.7
Transportation--communications public utilities	557.8	558.1	557.9	566.7	545.8	547.0	2.2
Trade	2,327.3	2,321.7	2,327.0	2,324.1	2,262.5	2,263.8	2.9
Finance--insurance--real estate	643.3	641.2	642.9	642.1	618.6	620.2	4.0
Services	2,263.3	2,253.3	2,241.8	2,244.5	2,161.6	2,162.9	4.7
Government	1,761.9	1,763.2	1,766.6	1,769.5	1,759.0	1,771.7	-0.8
Federal	320.4	320.9	322.2	322.5	347.3	347.6	-7.7
State and local	1,441.5	1,442.3	1,444.4	1,447.0	1,428.6	1,424.1	0.9
Hours and Earnings, Manufacturing							
Average weekly hours	39.8	39.2	39.6	39.4	39.4	39.2	1.0
Average weekly earnings	$334.72	$326.93	$322.10	$321.00	$299.44	$294.78	11.8
Average hourly earnings	$8.41	$8.34	$8.26	$8.15	$7.60	$7.52	10.7
Index of Leading Indicators	n.a.	126.6	126.6	126.6	119.7	122.8	--
Trade							
Retail sales (millions)	n.a.	9,677	9,534	8,451	8,863	8,499	--
New auto registrations (number)	n.a.	n.a.	93,001	67,900	65,580	92,369	--
Business							
Business failures (number)	n.a.	n.a.	n.a.	n.a.	140	152	--
Business liabilities (000)	n.a.	n.a.	n.a.	n.a.	$29,675	$48,296	--
New incorporations (number)	n.a.	4,902	4,873	4,269	4,150	4,384	--
Consumer Price Index, all items[d]							
California average (1967=100)	--	269.6	--	264.2	--	246.0	--
San Francisco (1967=100)	--	270.3	--	260.5	--	243.5	--
Los Angeles (1967=100)	267.3	265.5	263.3	261.3	249.1	244.6	7.3
San Diego (1967=100)	297.5	--	293.1	--	269.7	--	10.3
Output							
Petroleum production (000 barrels daily)	n.a.	n.a.	1,012.3	1,008.9	966.7	962.7	--
Cement production (000 short tons)	n.a.	n.a.	576.9	523.2	780.1	749.2	--
Raw steel production (000 net tons)	n.a.	n.a.	n.a.	223.7	208.8	229.2	--
Lumber shipments (mil. FBM)	100.3	68.0	68.6	66.8	65.3	70.0	53.6
Construction							
Private residential housing units authorized (number)	12,046	13,171	10,515	9,279	8,329	9,211	44.6
Nonresidential building authorized, valuation (000)	$790,467	$930,679	$720,125	$639,464	$574,649	$579,045	37.6

[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end. March data are estimated by the Department of Finance based upon the official BLS employment series.

[c] Interim series does not give a detailed breakdown of manufacturing for aerospace employment. This value is from the EDD official employment series, it is not seasonally adjusted.

[d] All urban series.

n.a. Not available

ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data for most series are plotted monthly. Quarterly series are identified following the series title on the chart.

The Arabic numeral in the right hand corner of each graph indicates the latest month for which the data are plotted (e.g.: 7 = July).

Roman numerals indicate the latest quarter for which data are plotted (III = third quarter).

TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

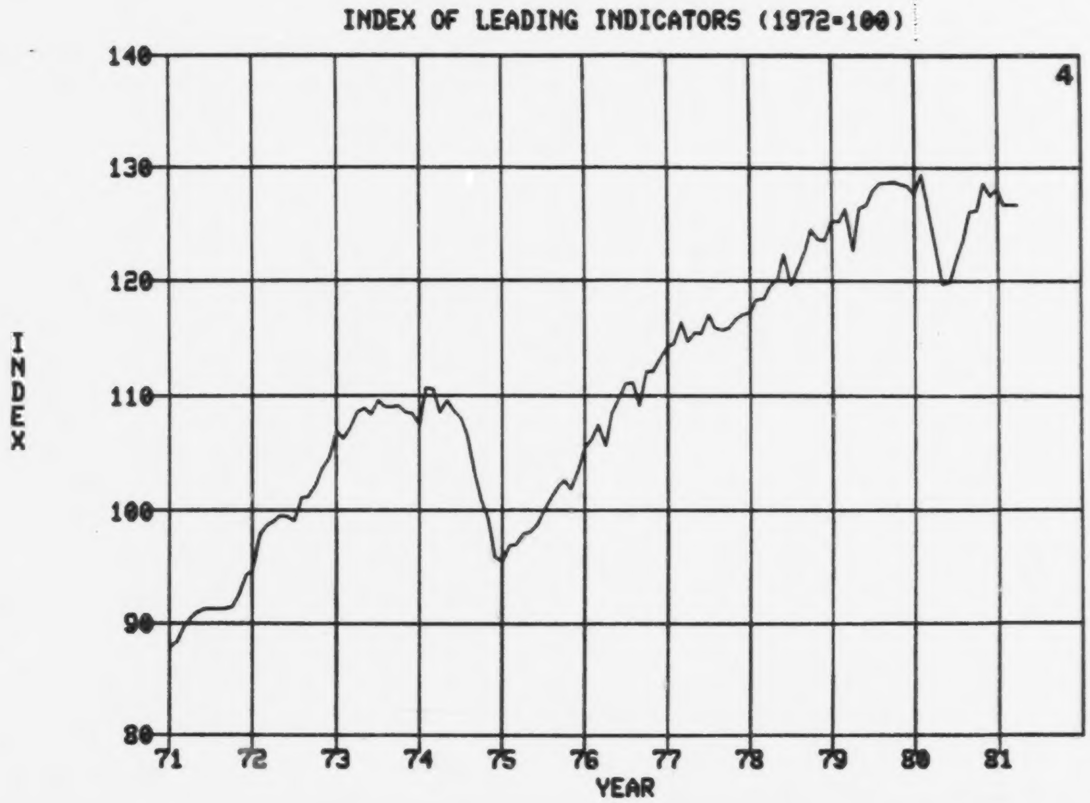
Taxable Sales

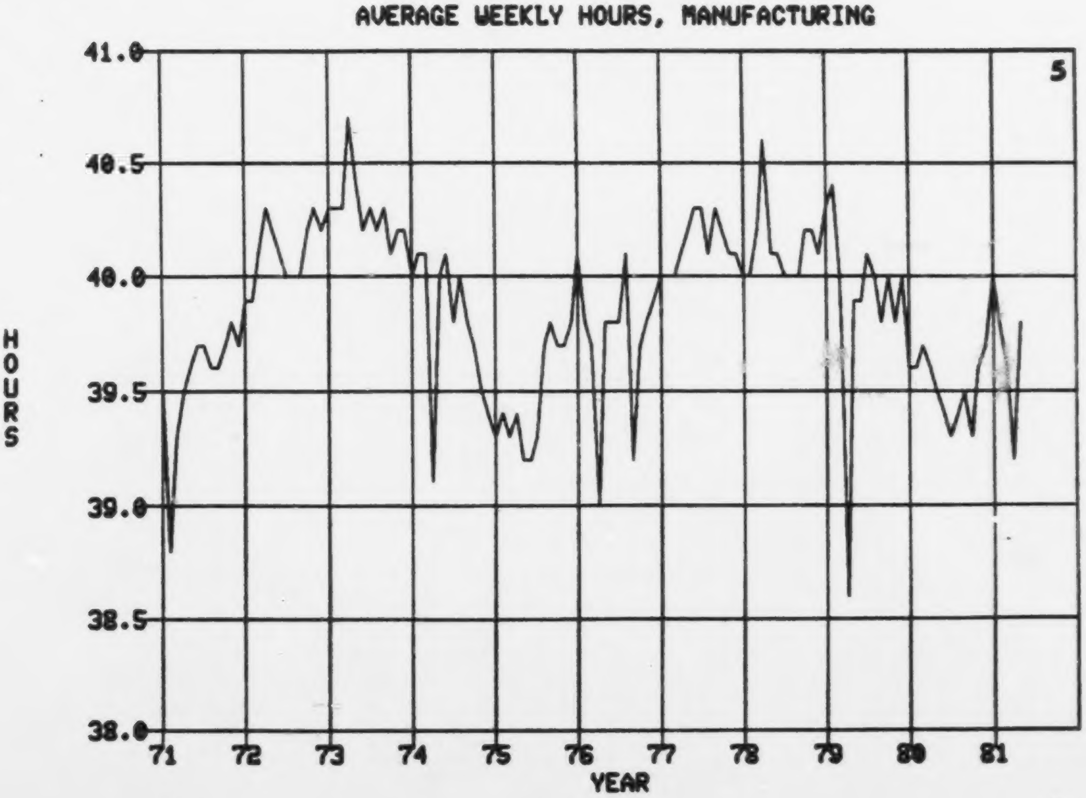
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

Standard Abbreviations

n.a.	Not available	p	Preliminary
e	Estimate	r	Revised


INDEX OF LEADING INDICATORS (1972=100)
4
INDEX
140
130
120
110
100
90
80
71
72
73
74
75
76
77
78
79
80
81
YEAR


AVERAGE WEEKLY HOURS, MANUFACTURING
5
HOURS
41.0
40.5
40.0
39.5
39.0
38.5
38.0
71
72
73
74
75
76
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78
79
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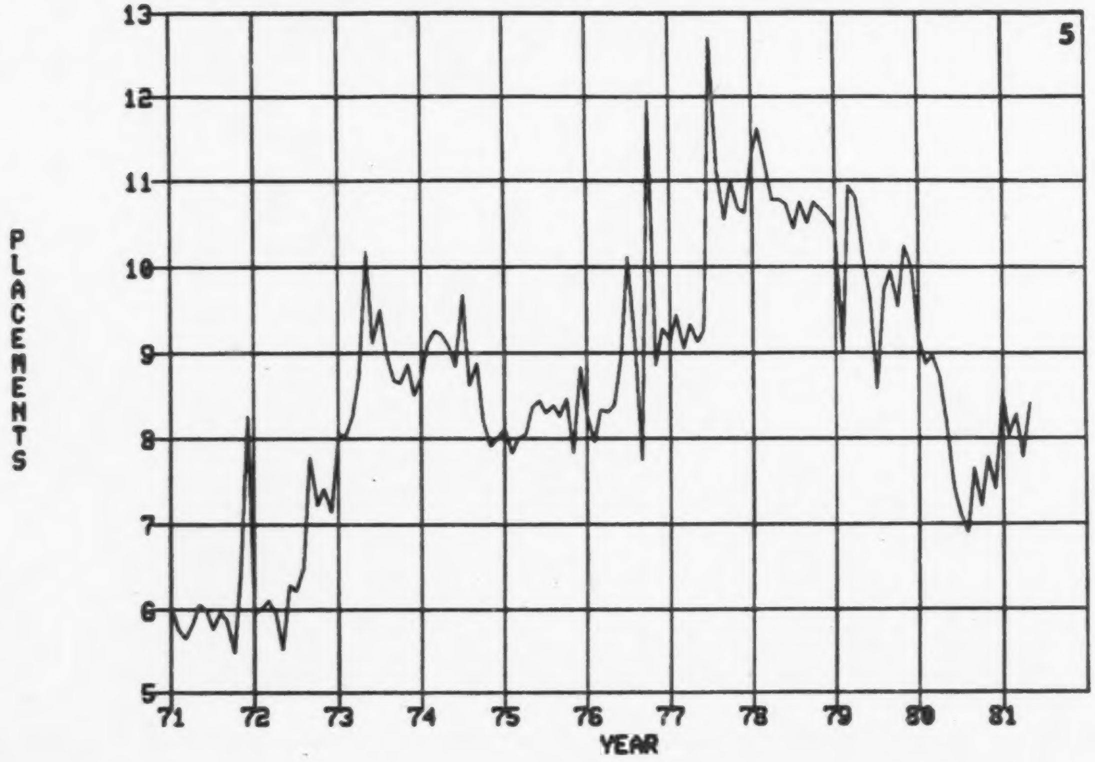
81
YEAR

NONAGRICULTURAL PLACEMENTS, WEEKLY AVERAGE (IN THOUSANDS)



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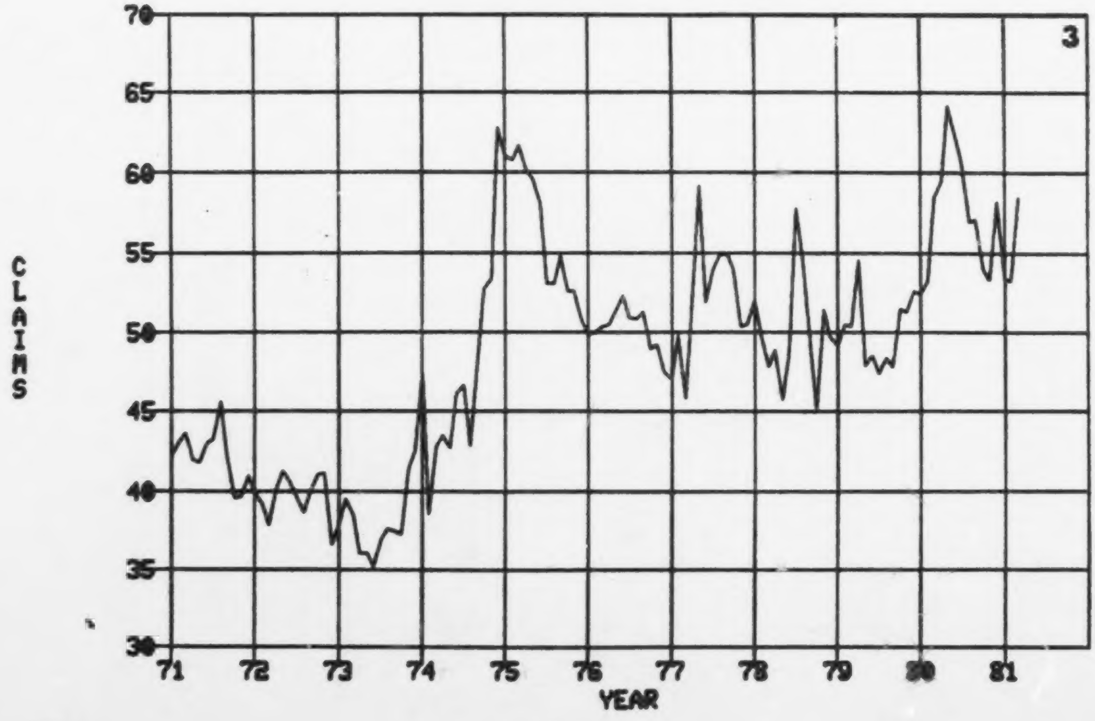
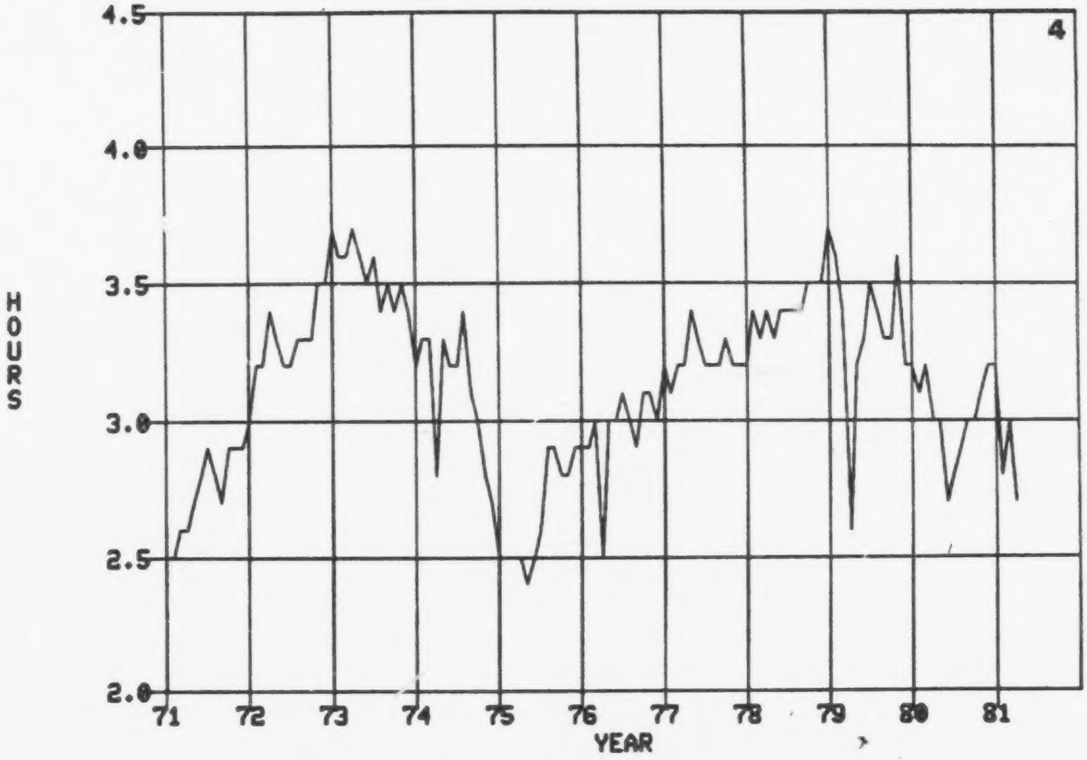
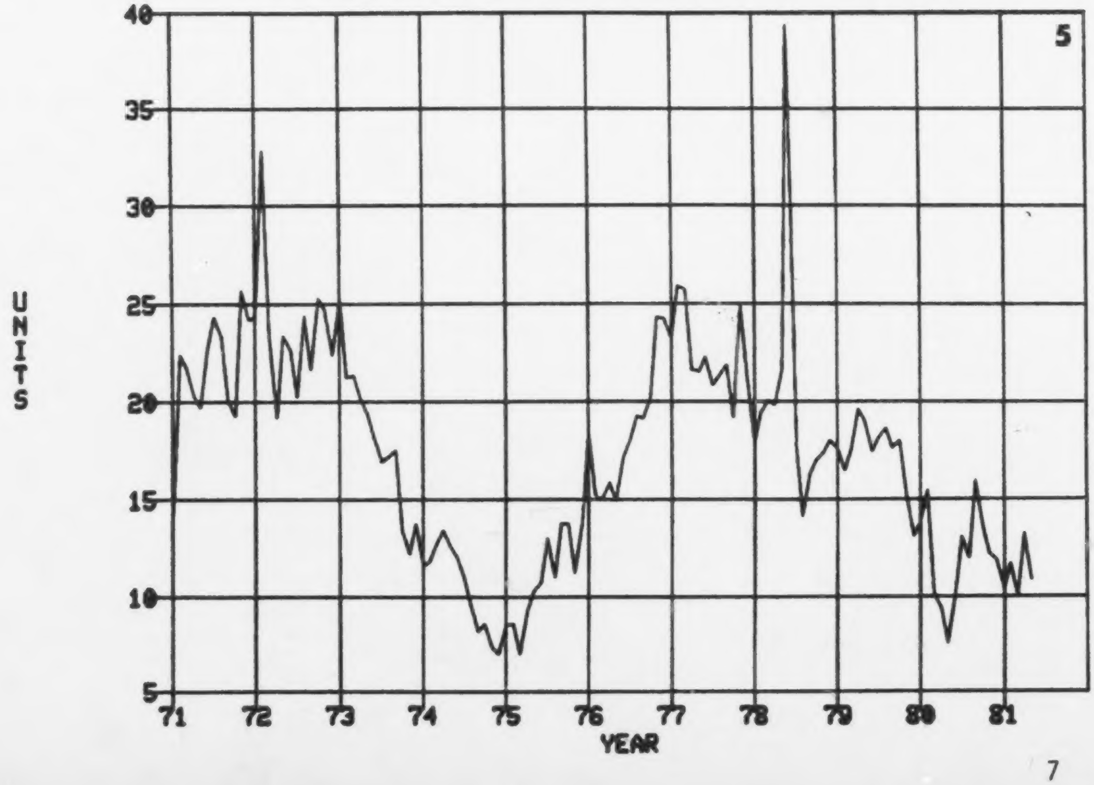
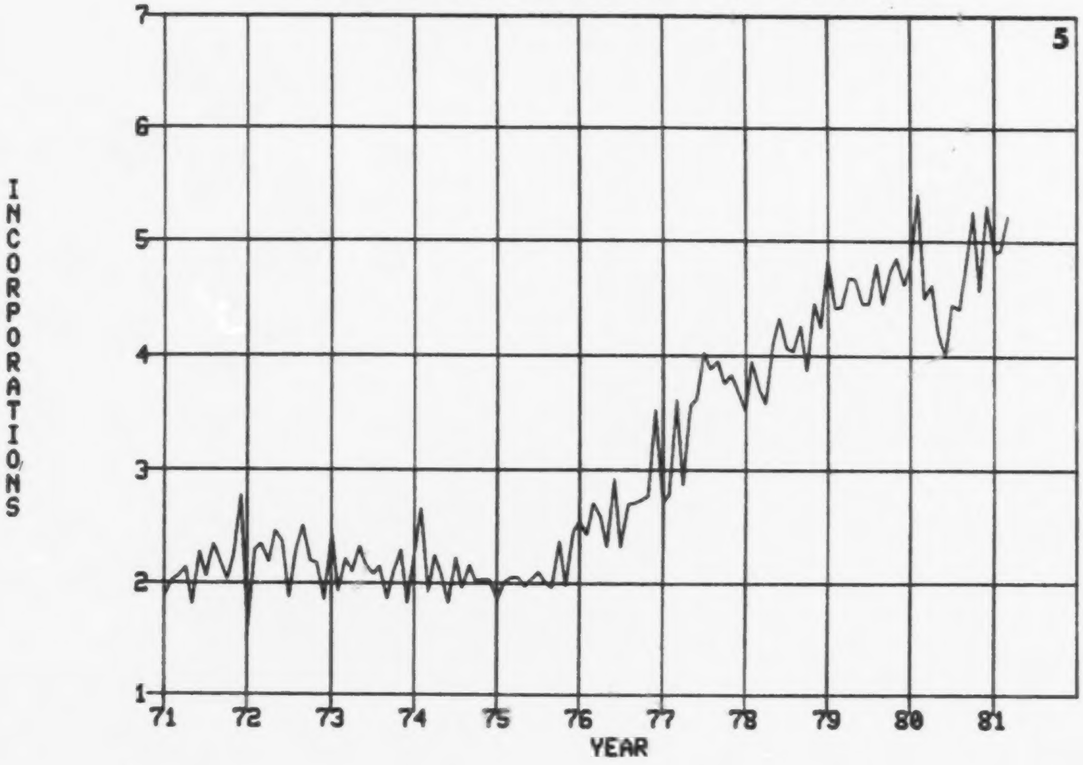


OVERTIME HOURS, MANUFACTURING

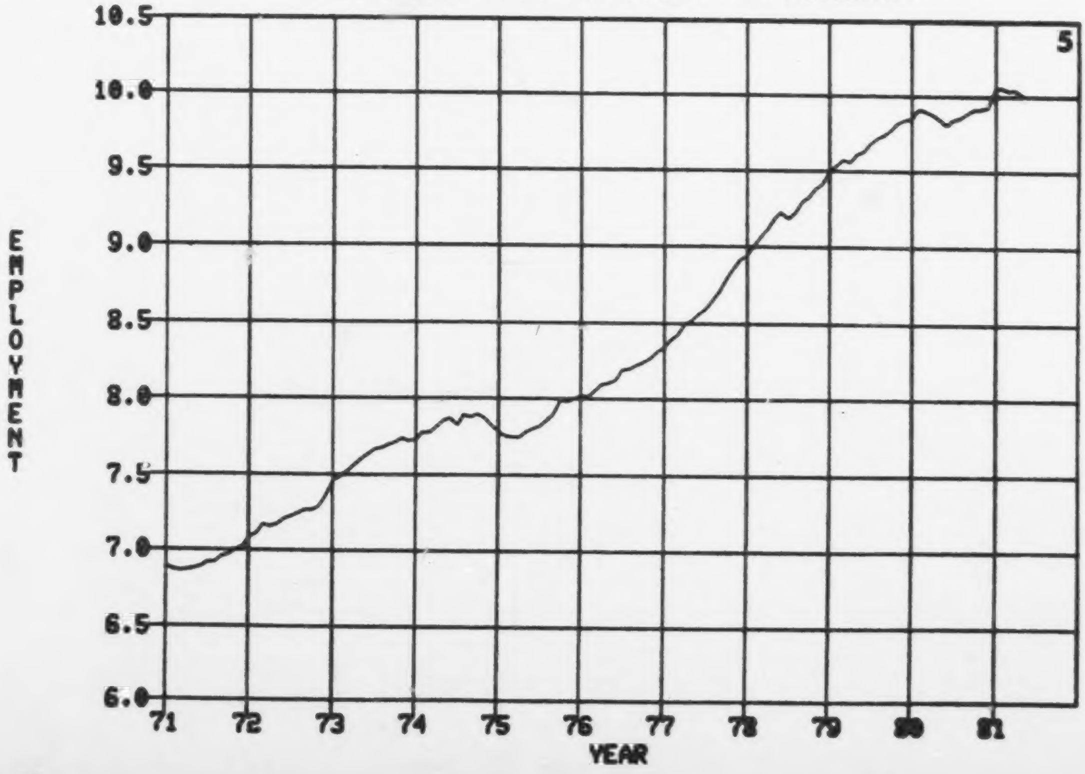


PRIVATE HOUSING UNITS AUTHORIZED (IN THOUSANDS)

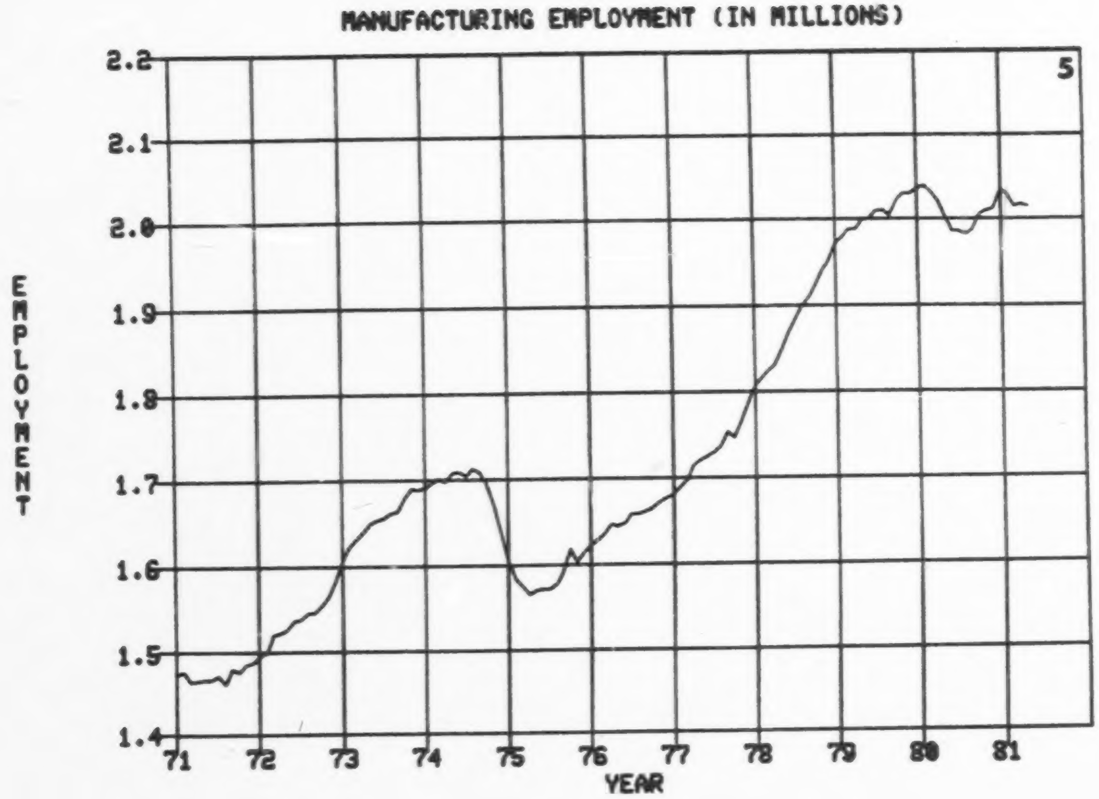


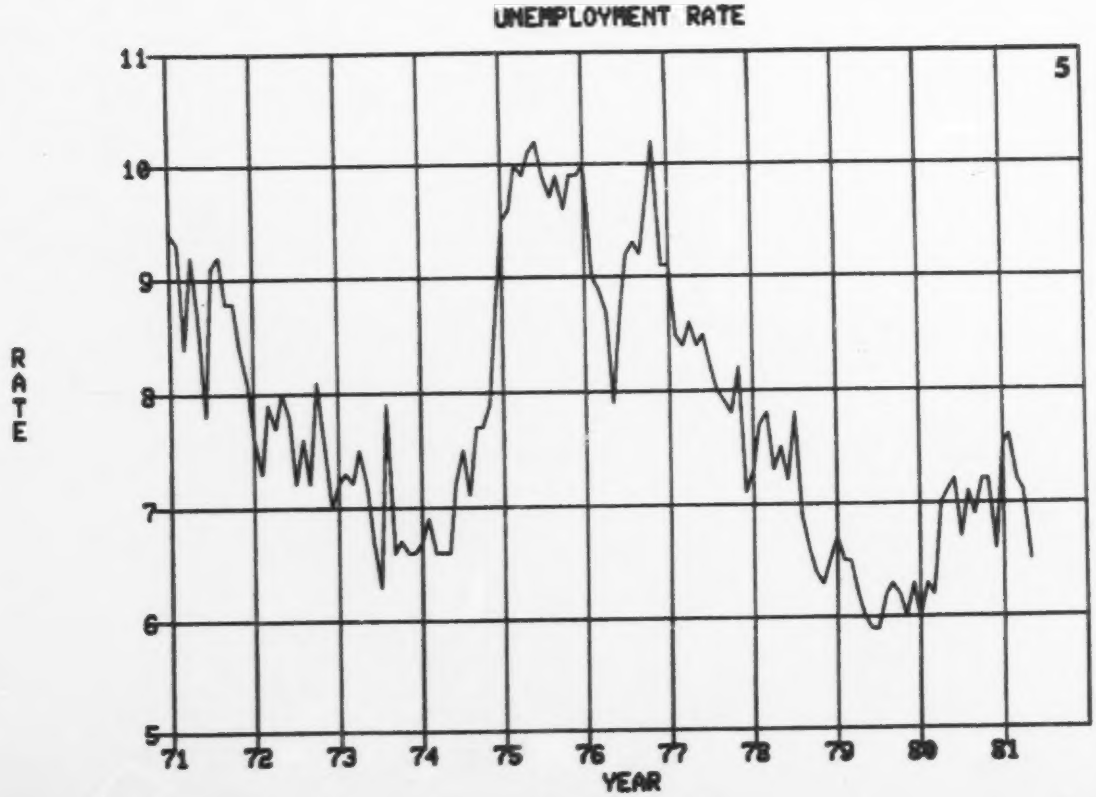


NEW BUSINESS INCORPORATIONS (IN THOUSANDS)

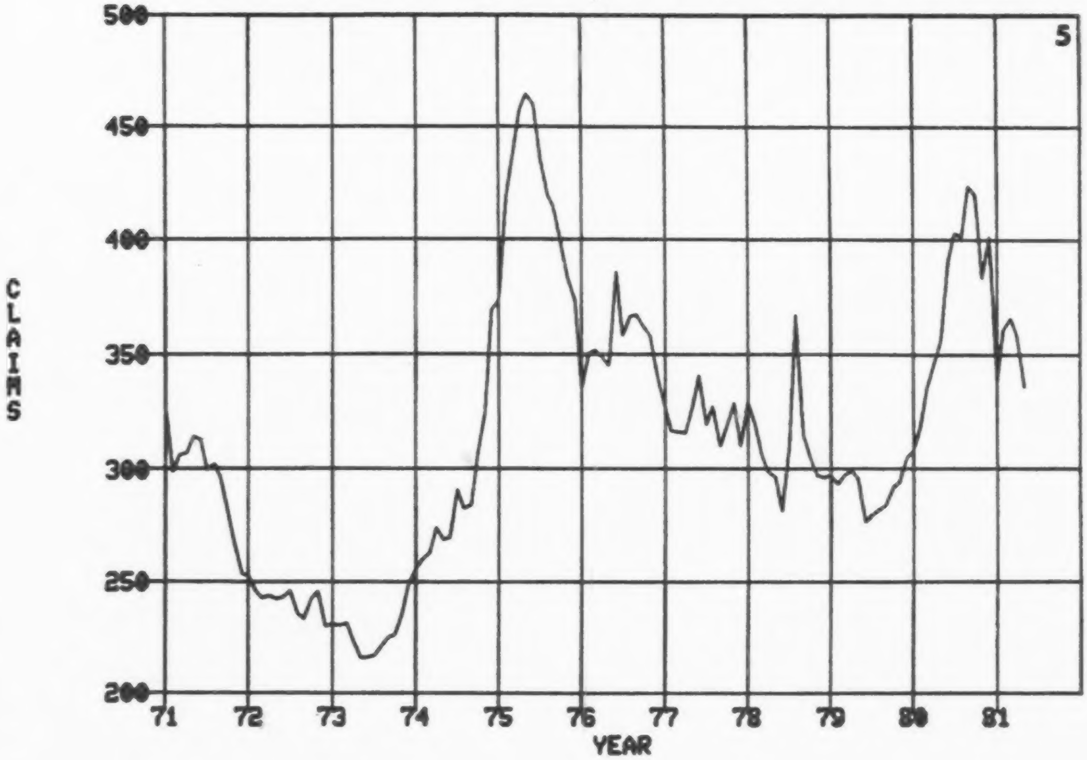


NONAGRICULTURAL EMPLOYMENT (IN MILLIONS)

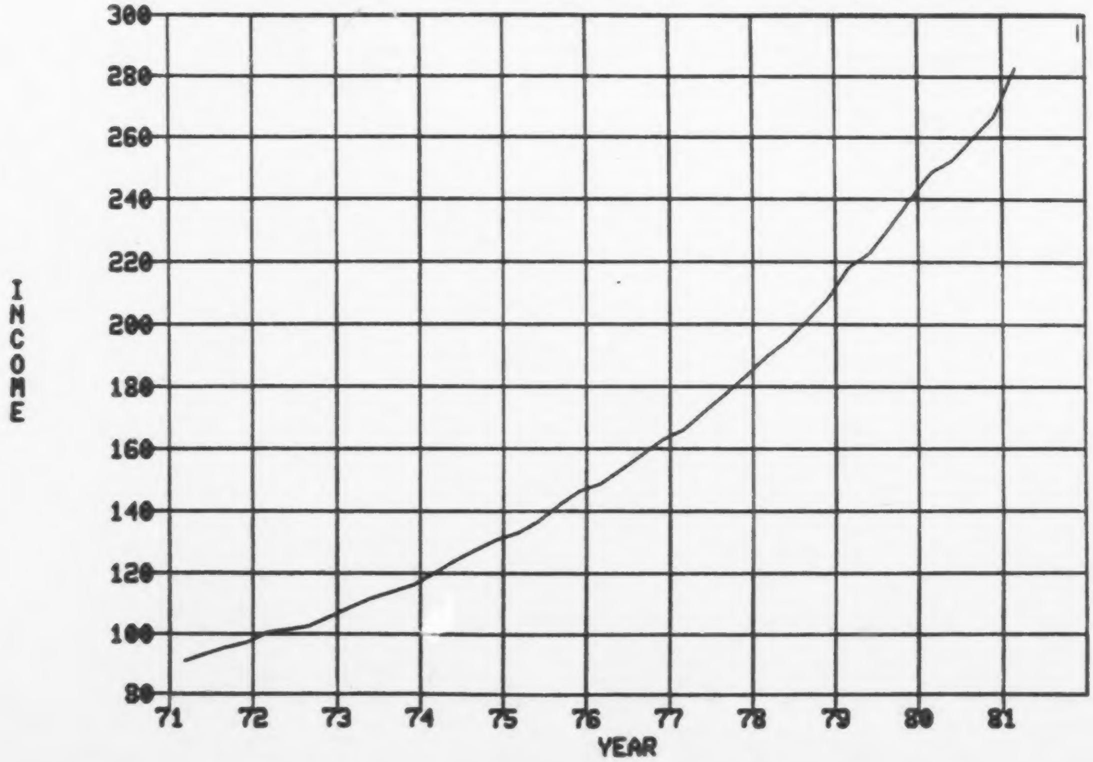

MANUFACTURING EMPLOYMENT (IN MILLIONS)
5
EMPLOYMENT
2.2
2.1
2.0
1.9
1.8
1.7
1.6
1.5
1.4
71
72
73
74
75
76
77
78
79
80
81
YEAR


UNEMPLOYMENT RATE
5
RATE
11
10
9
8
7
6
5
71
72
73
74
75
76
77
78
79
80
81
YEAR

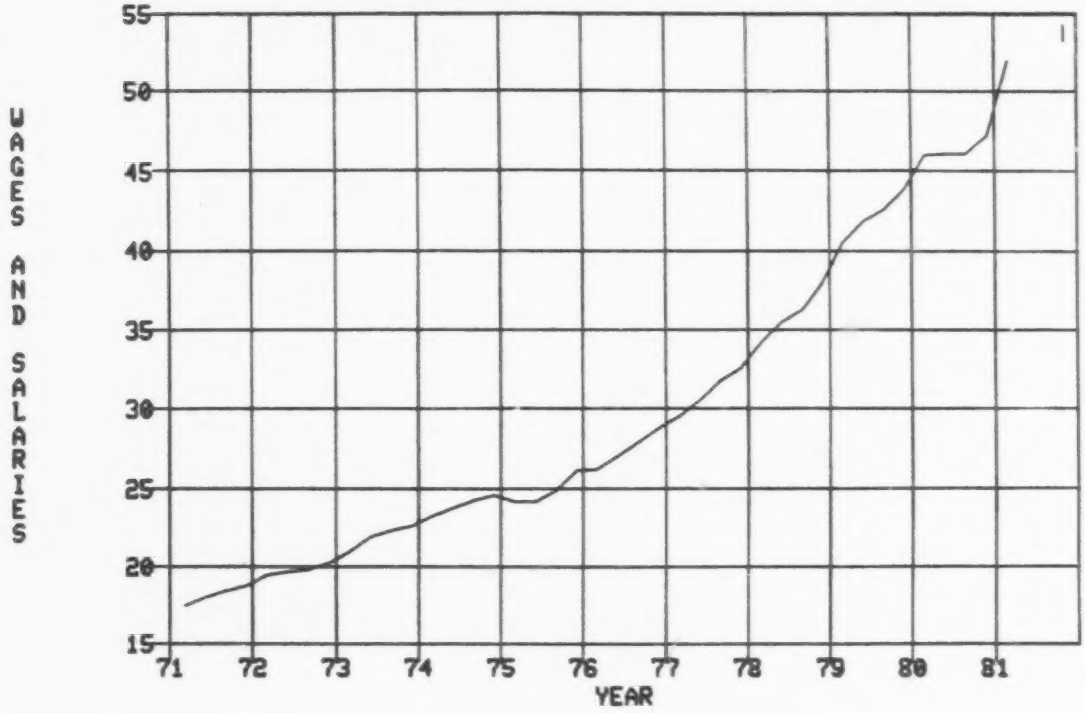
INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED (IN THOUSANDS)



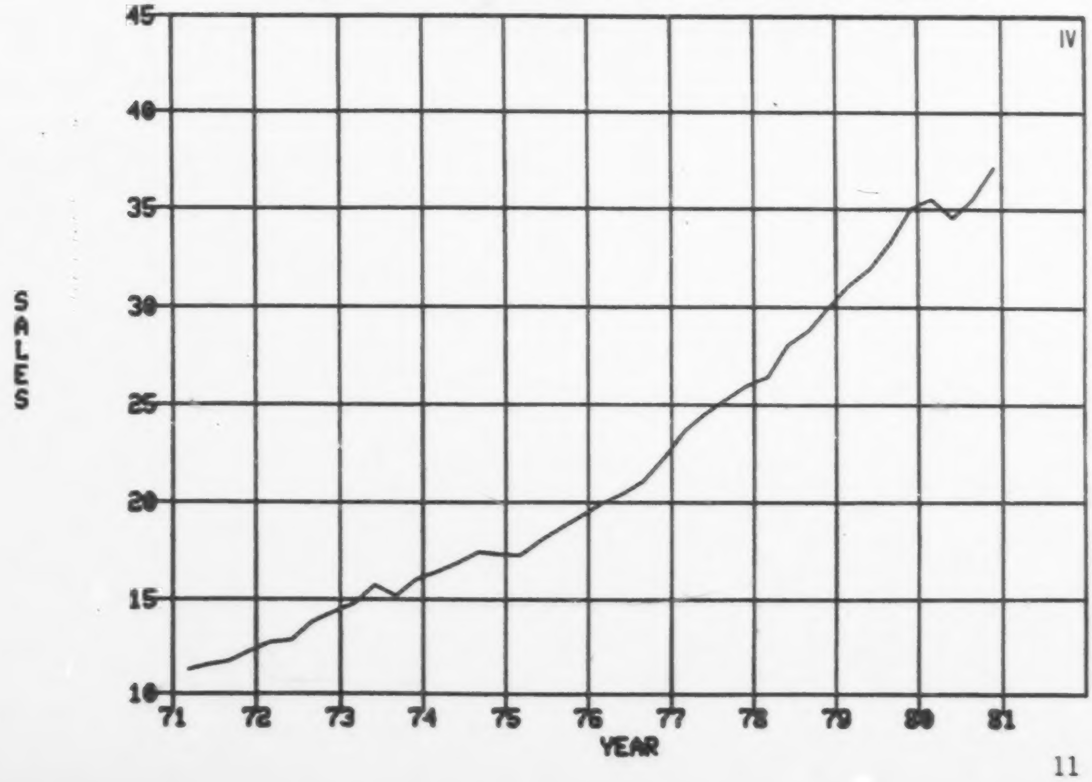
PERSONAL INCOME, QUARTERLY (IN BILLIONS OF DOLLARS)

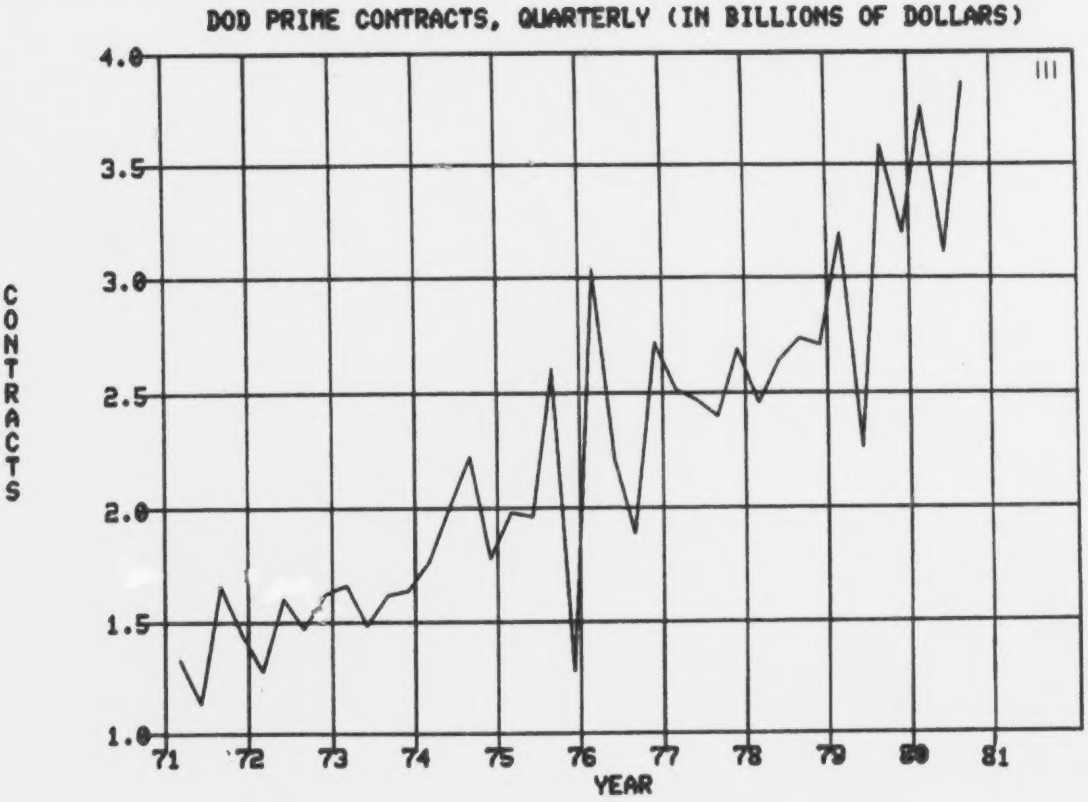


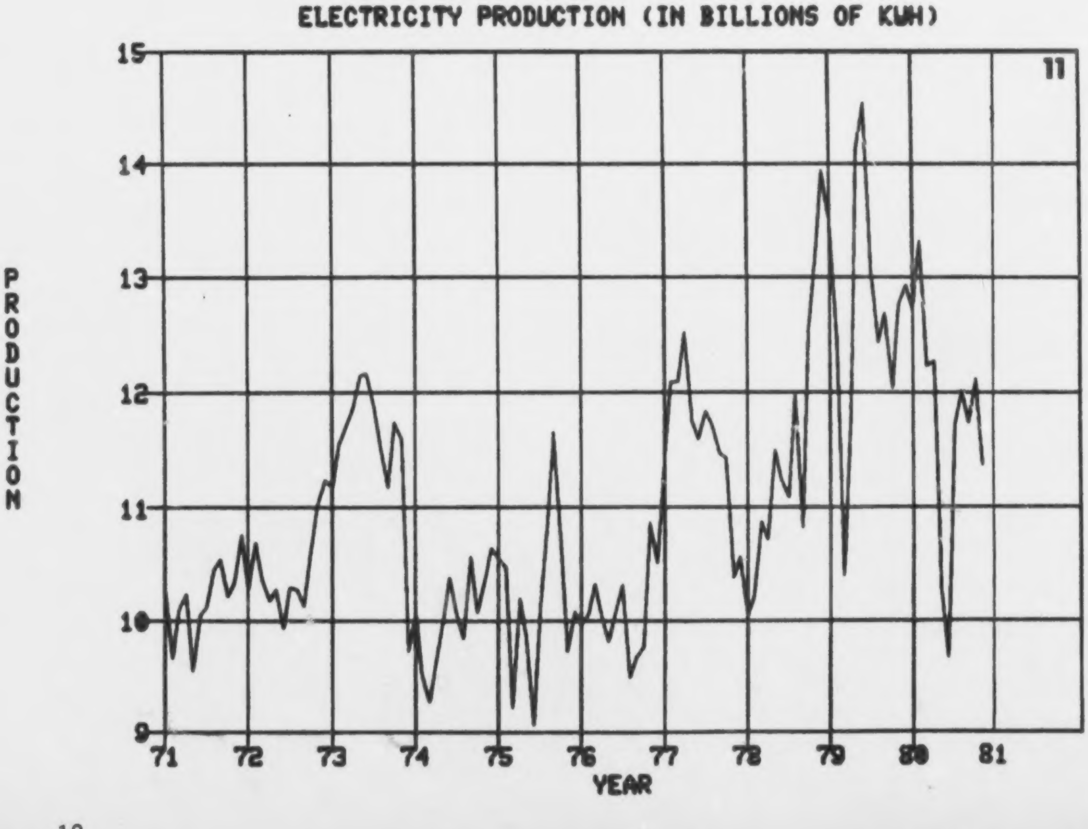
WAGES AND SALARIES FROM MINING, MANUFACTURING, AND CONSTRUCTION, QUARTERLY (IN BILLIONS OF DOLLARS)



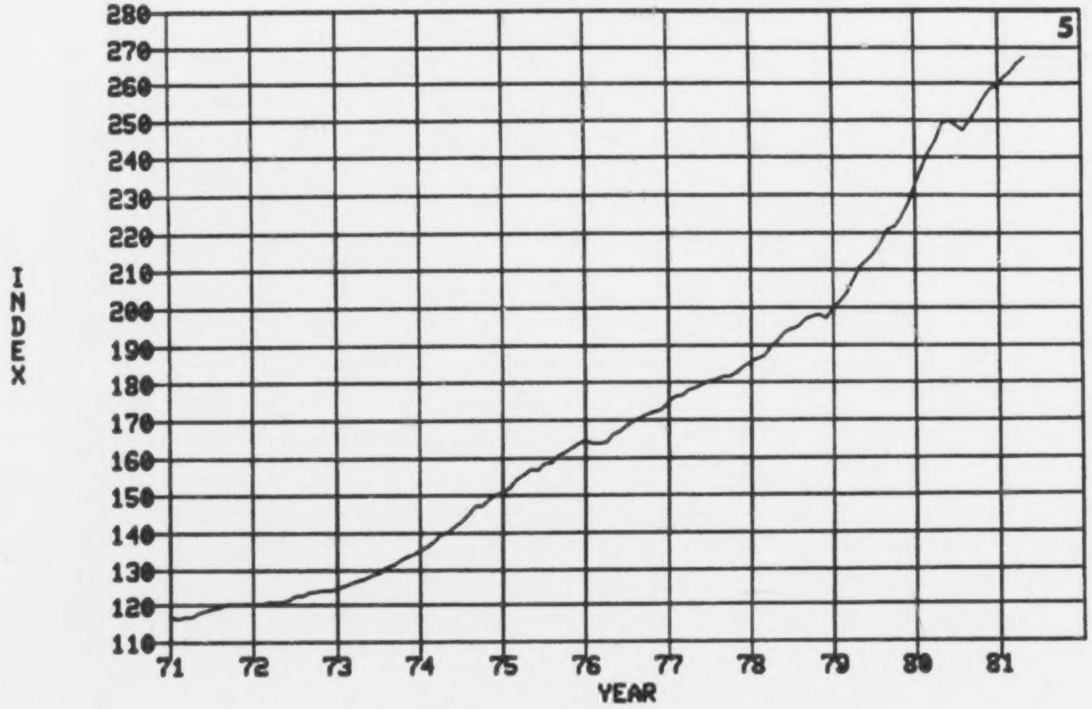
TAXABLE SALES, QUARTERLY (IN BILLIONS OF DOLLARS)



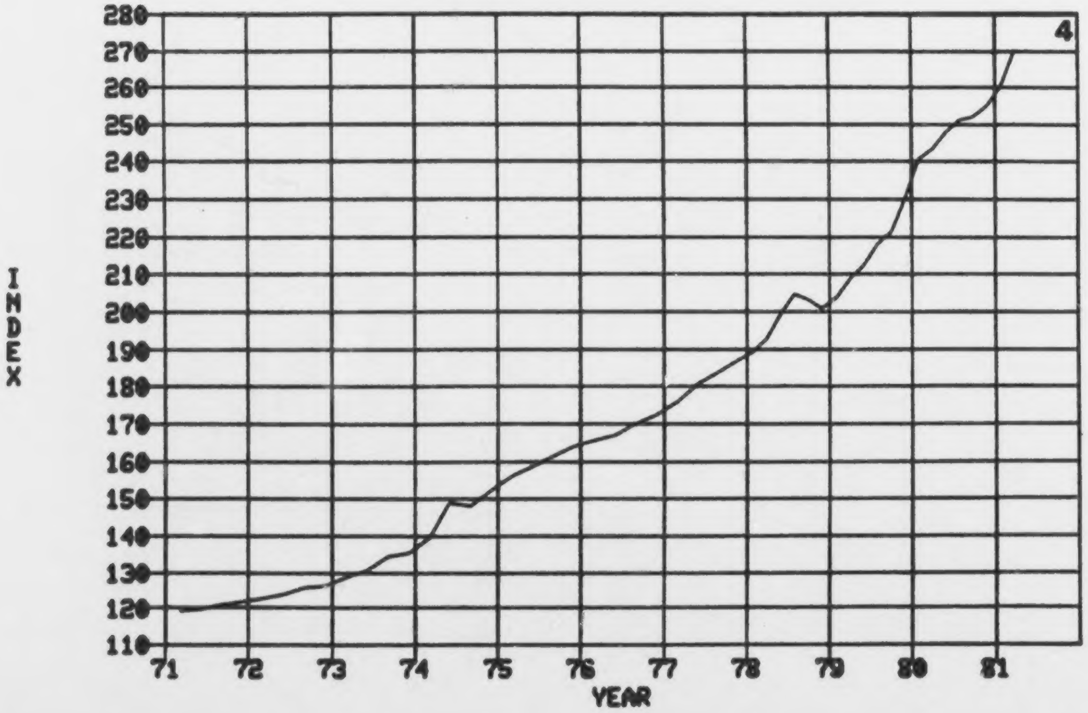

DOD PRIME CONTRACTS, QUARTERLY (IN BILLIONS OF DOLLARS)
III
CONTRACTS
4.0
3.5
3.0
2.5
2.0
1.5
1.0
71
72
73
74
75
76
77
78
79
80
81
YEAR


ELECTRICITY PRODUCTION (IN BILLIONS OF KWH)
11
PRODUCTION
15
14
13
12
11
10
9
71
72
73
74
75
76
77
78
79
80
81
YEAR

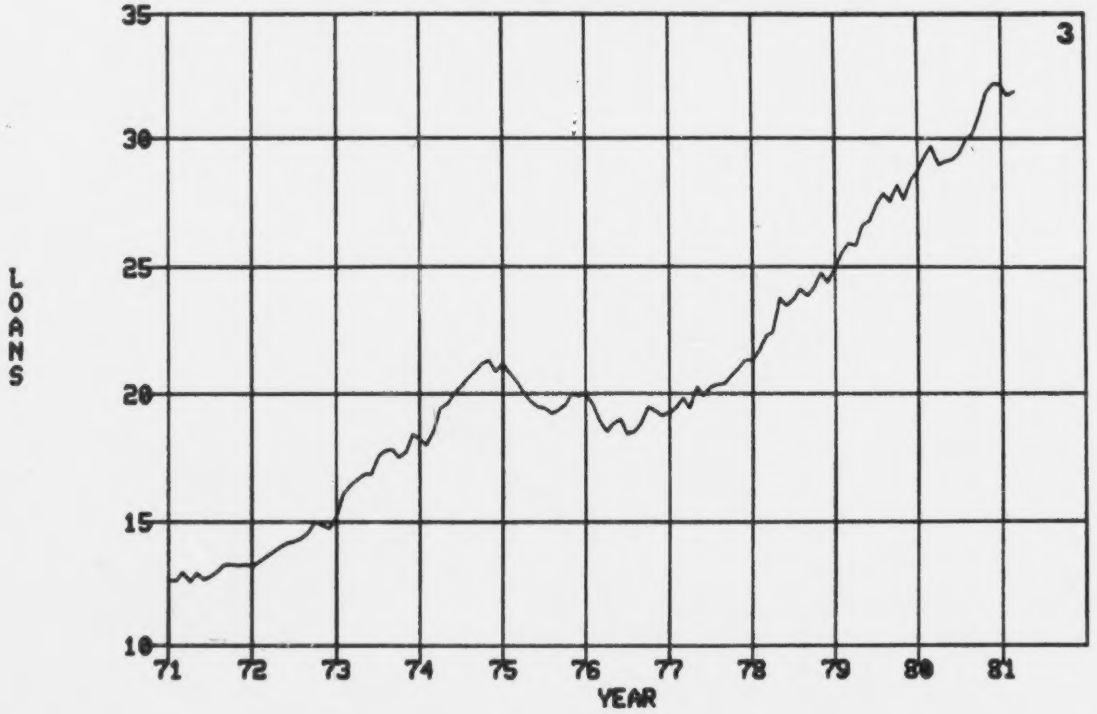
CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)



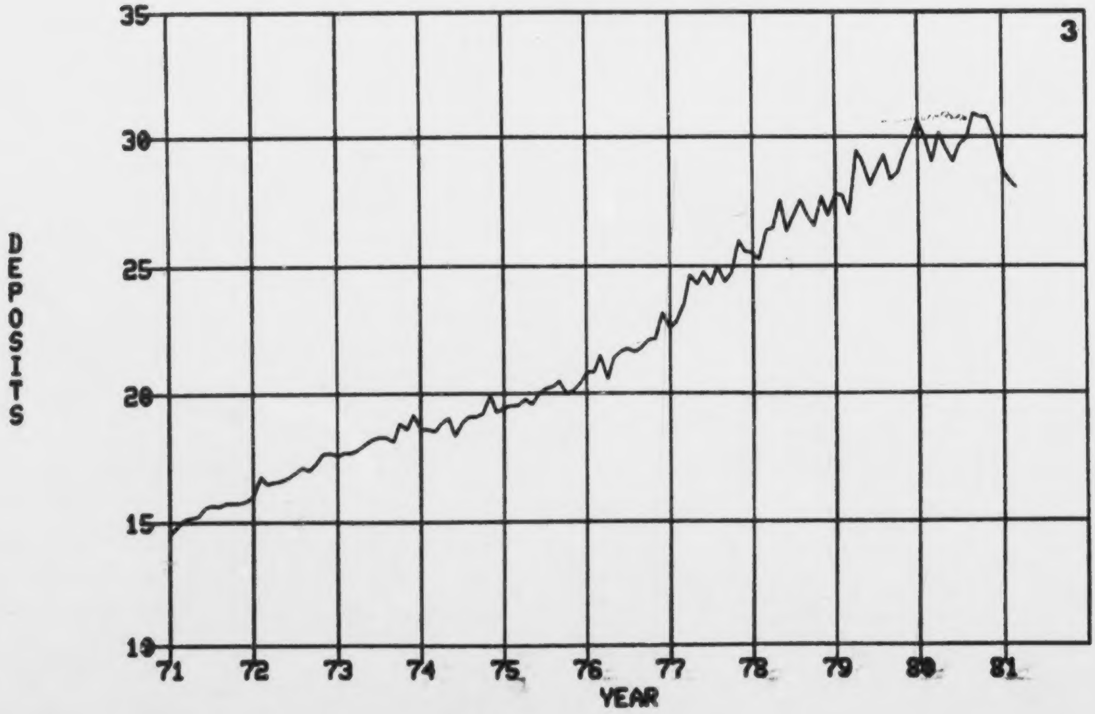
CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)



CALIFORNIA COMMERCIAL AND INDUSTRIAL LOANS
(IN BILLIONS OF DOLLARS)



CALIFORNIA DEMAND DEPOSITS ADJUSTED
(IN BILLIONS OF DOLLARS)



BASIC DATA FOR CALIFORNIA ECONOMIC SERIES

(Seasonally Adjusted Except as Noted)

	Leading Indicators						
Year and Month	Index of Leading Indicators (1972=100)	Average Weekly Hours, Manufacturing	Nonagricultural Placements Weekly Avg. (thousands)	Initial Claims for Unemployment Insurance Weekly Avg. (thousands)	Overtime Hours Manufacturing	Private Housing Units Authorized	New Business Incorporations
1978							
January	117.3	40.0	11.3	52.0	3.2	17,865	3,510
February	118.4	40.0	11.6	49.8	3.4	19,428	3,950
March	118.5	40.2	11.2	47.8	3.3	20,063	3,710
April	119.5	40.6	10.8	48.9	3.4	19,889	3,578
May	120.1	40.1	10.8	45.7	3.3	21,652	4,113
June	122.4	40.1	10.7	48.5	3.4	39,361	4,326
July	119.6	40.0	10.4	57.7	3.4	17,819	4,063
August	121.1	40.0	10.8	54.7	3.4	14,127	4,037
September	122.6	40.0	10.5	49.4	3.4	16,317	4,258
October	124.5	40.2	10.7	45.1	3.5	17,012	3,871
November	123.6	40.2	10.7	51.4	3.5	17,402	4,466
December	123.5	40.1	10.6	49.7	3.5	18,081	4,249
1979							
January	125.3	40.3	10.4	49.1	3.7	17,607	4,838
February	125.2	40.4	9.0	50.5	3.6	16,492	4,416
March	126.4	40.0	10.9	50.3	3.4	17,517	4,425
April	122.7	38.6	10.8	54.5	2.6	19,611	4,684
May	126.4	39.9	10.2	47.9	3.2	19,011	4,671
June	126.6	39.9	9.6	48.5	3.3	17,440	4,446
July	127.9	40.1	8.6	47.4	3.5	18,113	4,445
August	128.6	40.0	9.7	47.4	3.4	18,606	4,810
September	128.6	39.8	10.0	48.4	3.3	17,596	4,450
October	128.7	40.0	9.5	51.5	3.3	18,027	4,736
November	128.5	39.8	10.2	51.2	3.6	15,262	4,857
December	128.3	40.0	10.0	52.5	3.2	13,130	4,619
1980							
January	127.6	39.6	9.2	56.1	3.2	13,773	4,796
February	129.4	39.6	9.0	54.7	3.1	15,440	5,411
March	126.3	39.7	9.0	58.8	3.2	10,136	4,505
April	122.8	39.6	8.7	59.2	3.0	9,354	4,627
May	119.7	39.5	8.2	61.5	3.0	7,540	4,200
June	119.9	39.4	7.4	61.7	2.7	10,084	3,998
July	121.8	39.3	7.1	60.5	2.8	13,069	4,453
August	123.6	39.4	6.9	57.8	2.9	11,974	4,470
September	126.1	39.5	7.6	58.1	3.0	15,942	4,755
October	126.2	39.3	7.2	55.1	3.0	13,581	5,269
November	128.6	39.6	7.8	54.8	3.1	12,224	4,573
December	127.4	39.7	7.4	58.0	3.2	11,858	5,319
1981							
January	128.1	40.0	8.5	52.3	3.2	10,336	4,903
February	126.6	39.8	8.0	53.2	2.8	11,701	5,363
March	126.6	39.5	8.3	58.4	3.0	10,024	4,926
April	126.9	39.6	7.8	54.0	2.7	13,264	5,226
May		39.7	8.4	50.4		10,852	

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

	Coincident Indicators						Other Indicators
Year and Month	Nonagricultural Employment (thousands)	Wages and Salaries in Mining, Manufacturing and Construction (mil dol.)a/	Unemployment Rate	Insured Unemployment Average Weeks Claimed (thousands)	Personal Income (mil dol.)a/	Taxable Sales (mil dol.)b/	Manufacturing Employment (thousands)
1978							
January	8,941.0		7.3	329			1,806.4
February	9,003.0	34,237	7.7	321	189,778	26,320	1,815.3
March	9,069.9		7.8	306			1,824.3
April	9,108.7		7.3	299			1,830.7
May	9,181.0	35,521	7.5	296	194,725	28,170	1,849.2
June	9,230.1		7.2	281			1,867.4
July	9,186.8		7.8	310			1,883.8
August	9,222.9	36,252	6.9	367	201,578	28,904	1,898.5
September	9,285.5		6.6	315			1,908.4
October	9,326.5		6.4	306			1,921.5
November	9,379.2	37,945	6.3	297	208,298	29,866	1,940.3
December	9,411.4		6.5	296			1,951.1
1979							
January	9,494.4		6.7	297			1,970.7
February	9,531.8	40,513	6.5	293	218,056	31,041	1,979.2
March	9,573.8		6.5	297			1,988.1
April	9,557.5		6.2	299			1,989.9
May	9,607.2	41,817	6.0	295	222,834	32,140	1,998.5
June	9,626.4		5.9	276			2,001.3
July	9,680.5		5.9	280			2,009.5
August	9,714.8	42,543	6.2	282	230,967	33,410	2,010.1
September	9,736.8		6.3	284			2,004.2
October	9,782.0		6.2	291			2,021.3
November	9,823.4	43,860	6.0	294	240,209	34,893	2,029.2
December	9,841.4		6.3	305			2,031.4
1980							
January	9,847.7		6.0	308			2,035.2
February	9,914.8	45,943	6.3	319	248,152r/	35,375	2,038.7
March	9,901.5		6.2	335			2,031.7
April	9,881.1		7.0	346			2,020.7
May	9,852.5	46,034	7.1	356	252,536r/	34,704	2,003.6
June	9,807.5		7.2	391			1,984.5
July	9,843.4		6.7	403			1,985.1
August	9,852.8	46,027	7.1	402	259,637r/	35,661	1,982.2
September	9,887.9		6.9	423			1,987.2
October	9,949.6		7.2	420			2,017.3
November	9,942.9	49,310r/	7.2	384	271,964r/	36,942	2,010.2
December	9,984.3		6.6	402			2,017.7
1981							
January	10,051.0		7.5	338			2,033.3
February	10,062.1	52,009	7.6	361	282,858		2,029.8
March	10,037.0		7.2	366			2,013.6
April	10,043.8		7.1	359			2,017.3
May	10,051.7		6.5	336			2,014.8

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

Other Indicators

Year and Month	DOD Prime Contracts (mil dol.)b/	Consumer Price Index (1967=100)c/						California Commercial and Industrial Loans (mil dol.)	California Demand Deposits Adjusted (mil dol.)	Electricity Production (mil KWH)
		San Francisco			Los Angeles					
		Wage Earner and Clerical Worker			Wage Earner and Clerical Worker					
		Old Series	New Series	All Urban	Old Series	New Series	All Urban			
1978										
January		--	--	--	185.4	185.6	185.5	21,329	25,478	10,056
February	2,381	--	189.5	189.2	185.8	186.8	186.5	21,654	25,240	10,207
March		191.0	--	--	186.9	187.1	187.4	22,265	26,367	10,873
April		--	192.4	192.8	188.9	188.9	189.6	22,395	26,480	10,717
May	2,785	--	--	--	190.9	191.2	191.5	23,779	27,587	11,489
June		196.8	198.7	199.3	193.1	193.0	193.4	23,457	26,345	11,239
July			--	--		194.3	194.3	23,727	27,057	11,079
August	2,662		204.0	204.7		194.7	194.9	24,061	27,550	11,998
September			--	--		196.9	197.3	23,853	26,931	10,825
October			202.6	203.2		197.2	197.8	24,178	26,545	12,545
November	2,737		--	--		197.5	198.1	24,790	27,695	13,202
December			200.4	200.8		197.0	197.1	24,390	26,956	13,933
1979										
January			--	--		199.7	199.6	24,955	27,782	13,498
February	3,053		204.2	203.9		202.3	201.9	25,563	27,761	12,435
March			--	--		204.4	203.8	25,917	27,011	10,402
April			209.3	208.8		208.8	207.8	25,836	29,474	11,829
May	2,424		--	--		212.4	211.0	26,618	29,038	14,132
June			213.7	212.5		214.5	212.9	26,786	28,141	14,539
July			--	--		216.8	214.7	27,380	28,715	13,082
August	3,441		218.6	218.3		219.6	217.5	27,864	29,326	12,442
September			--	--		223.0	220.7	27,517	28,360	12,687
October			220.8	221.5		224.0	221.8	28,191	28,613	12,039
November	3,251		--	--		225.8	224.2	27,628	29,341	12,768
December			229.0	230.2		229.9	228.0	28,396	29,951	12,938
1980										
January			--	--		235.0	232.6	28,763	30,657	12,731
February	3,575		240.0	240.7		240.0	237.6	29,315	29,968	13,310
March			--	--		243.9	241.3	29,691	29,037	12,229
April			242.8	243.5		247.8	244.6	28,967	30,181	12,268
May	3,388		--	--		252.6	249.1	29,091	29,577	10,291
June			247.7	248.0		253.4	250.1	29,203	29,049	9,675
July			--	--		251.5	248.7	29,414	29,714	11,715
August	3,666		251.4	251.0		250.1	247.3	29,979	29,981	12,019
September			--	--		251.6	249.6	30,175	30,939	11,738
October			252.6	251.9		254.9	252.6	30,961	30,809	12,115
November			--	--		258.4	255.5	31,832	30,802	11,364
December			255.7	254.9		262.2	258.7	32,213	30,041	
1981										
January			--	--		262.7	259.4	32,168	28,806	
February			261.6	260.5		265.0	261.6	31,730	28,336	
March			--	--		266.5	263.3	31,905	28,066	
April			270.9	270.3		269.1	265.5			
May			--	--		270.7	267.3			

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[a] Quarterly data, annual basis.
[b] Quarterly data.
[c] Not adjusted for seasonal variation.
[r] Revised

2943A

CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

1961

February 17-23	National airline strike.
March 9-13	California dock strike by Teamsters.
May 5	Minimum wage legisation signed: $1.15 for 2 years, $1.25 thereafter.
June 16-July 4	National maritime strike. Strike resumed September 28-October 12 against owners of 1/3 West Coast merchant fleet.
August 11	Duty exemption for U.S. travelers returning from abroad cut from $500 to $100.
August 26	American Motors Corporation--UAW profit-sharing pact announced.
September 6-24	UAW-GM strike.
October 3-15	UAW-Ford strike.

1962

January 1	Federal Reserve Board and Federal Deposit Insurance Corporation authorize commercial banks to raise interest rates to 3-1/2 percent on all savings and time deposits of six months or longer, and to 4 percent on deposits of one year or more.
March 16-April 11	West Coast maritime strike.
May 1-June 26	Northern California construction strike. Southern California strike, June 18-27. San Diego strike, June 21-July 10.
May 28	"Blue Monday." Dow Jones Industrial Average dow 34.95 points, sharpest drop since October 28, 1929. Week of May 21-25: average down 38.82, largest one-week decline on record.
July 10	Stock margin requirements cut from 70 percent to 50 percent.
July 11	Revision of depreciation schedules announced by Treasury.

1963

October 18	Commercial bank reserve requirements against time deposits reduced from 5 percent to 4 percent.
June 5	Silver backing for Treasury silver certificates removed to ease pressure on silver prices. Sale of silver from Treasury stockpile started September 12.
July 17	Discount rate raised from 3 percent to 3-1/2 percent.
November 5	Stock margin requirements raised from 50 percent to 70 percent.
November 22	President Kennedy assassinated.

1964

February 26	Federal income tax cut measure signed into law. Reflected in withholding rates effective March 5. Individual tax rates cut from 20 percent to 91 percent range to 14 percent to 70 percent range. Corporation reduction to 48 percent from 52 percent.
September 25-November 8	UAW strike against GM.
November 23	Discount rate increased from 3-1/2 percent to 4 percent.
December 22-24	Northern Calfornia floods.

1965

March 1-23	Strike by steel workers at American and Continental can companies.
June 16-August 7	Northern California construction strike.
June 17-July 19	Southern California construction strike.
August 11-17	Los Angeles riots, Watts area.
December 6	Discount rate raised from 4 percent to 4-1/2 percent.

1965--Continued

December 13	Permitted interest on savings accounts raised from 4-1/2 percent to 5-1/2 percent under Regulation Q.

1966

January 1	Increased social security taxes in effect.
February 8	FHA interest rate raised from 5-1/4 percent to 5-1/2 percent, no change in 1/2 percent loan insurance rate.
March 11	Prime rate raised from 5 percent to 5-1/2 percent in Eastern financial markets.
March 16	Auto excise tax raised from 6 percent to 7 percent.
April 1	Telephone excise tax of 10 percent reinstated.
April 12	FHA interest rate increased from 5-1/2 percent to 5-3/4 percent.
May 1	Increased withholding tax rates in effect.
June 30	Prime rate raised from 5-1/2 percent to 5-3/4 percent in New York, Chicago.
July 8-August 20	Airline strike.
August 16	Prime rate up to 6 percent, Eastern cities.
October 3	FHA interest rate raised from 5-3/4 percent to 6 percent.
October 10	Suspension of 7 percent investment credit and accelerated depreciation allowance.

1967

January 26	Prime rate lowered from 6 percent to 5-1/2 percent.
February 1	Minimum wage increased to $1.40 from $1.25 per hour.
March 9	Investment tax credit and accelerated depreciation allowance reinstated.
April 7	Discount rate lowered from 4-1/2 percent to 4 percent.

1967--Continued

April 21-July 26	Rubber strike.
July 15-March 20, 1968	Copper strike.
August 30	Steel price rises announced.
September 6-October 25	UAW strike against Ford.
November 20	Discount rate raised from 4 percent to 4-1/2 percent. Prime rate increased from 5-1/2 percent to 6 percent.
December 15	Los Angeles (Herald Examiner) newspaper strike.
December 27	Increase of 1/2 percent in reserve requirements announced. Effective in two stages during January 1968.

1968

January 1	Wage base for social security contributions raised from $6,600 to $7,800.
January 5-February 25	San Francisco newspaper strike.
February 1	Minimum wage increased to $1.60 from $1.40 per hour.
March 1	Increase in social security benefit payments, averaging 13 percent.
March 15	Discount rate raised from 4-1/2 percent to 5 percent. San Francisco increase effective March 18; New York up March 22. Highest level since 1929.
March 15-April 1	Trading in London gold market suspended. Two-price system for gold effective March 18 by London gold pool countries.
April 1	Personal income tax surcharge. See June 28.
April 1-June 13	San Francisco area machinists and electrical workers strike.
April 19	Discount rate raised to 5-1/2 percent. Prime rate increased from 6 percent to 6-1/2 percent.
May 7	FHA interest rate raised from 6 percent to 6-3/4 percent.
May 16	UAW suspended from AFL-CIO.

CHRONOLOGY--Continued

1968--Continued

June 8	Stock margin requirements raised from 70 percent to 80 percent.
June 28	Tax surcharge and $6 billion Federal spending cut legislation signed by President Johnson. 10 percent surcharge retroactive to April 1 for individuals, January 1 for corporations.
July 15	Increased personal income tax withholding in effect.
August 16-29	Federal reserve discount rate lowered from 5-1/2 percent to 5-1/4 percent.
September 25	Prime rate lowered from 6-1/2 percent to 6 percent by Chase Manhattan. (Subsequent reduction by other banks to 6-1/4 percent. Chase Manhattan rate raised to 6-1/4 percent effective November 13.)
December 2	Prime rate raised from 6-1/4 percent to 6-1/2 percent.
December 18	Federal Reserve discount rate raised from 5-1/4 percent to 5-1/2 percent. Prime rate raised from 6-1/2 percent to 6-3/4 percent.

1969

January 1	Social security contribution rate increased to combined 9.6 percent.
January 7	Prime rate raised from 6-3/4 percent to 7 percent.
January 24	FHA interest rate raised from 6-3/4 percent to 7-1/2 percent.
March 17	Prime rate raised from 7 percent to 7-1/2 percent.
April 3	Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised.
June 9	Prime rate raised from 7-1/2 percent to 8-1/2 percent.
June 12	Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent.

1970--Continued

October 27-February 1970	General Electric strike.

1970

January 1	Personal income tax surcharge reduced to 5 percent. Withholding cut.
January 5	FHA interest rate raised from 7-1/2 percent to 8-1/2 percent.
January 21	Increased schedule of interest rates on time deposits and certificates of deposit in effect.
March 25	Prime rate reduced from 8-1/2 percent to 8 percent.
April 2-June 2	Teamster strike.
May 6	Stock margin requirement cut from 80 percent to 65 percent.
July 1	Personal income tax surcharge removed.
September 14-November 23	UAW strike against GM.
September 22	Prime rate reduced from 8 percent to 7-1/2 percent.
November 10	Discount rate reduced from 6 percent to 5-3/4 percent.
November 12	Prime rate reduced from 7-1/2 percent to 7-1/4 percent.
November 23	Prime rate reduced from 7-1/4 percent to 7 percent.
December 1	Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent.
December 20	13-week extended duration unemployment benefits in effect.
December 22	Prime rate reduced from 7 percent to 6-3/4 percent.

1971

January 6	Prime rate reduced from 6-3/4 percent to 6-1/2 percent.

CHRONOLOGY--Continued

	1971--Continued
January 8	Discount rate reduced from 5-1/2 percent to 5-1/4 percent.
January 12	FHA interest rate reduced from 8 percent to 7-1/2 percent.
January 15	Prime rate reduced from 6-1/2 percent to 6-1/4 percent.
January 18	Prime rate reduced from 6-1/4 percent to 6 percent.
January 19	Discount rate reduced from 5-1/4 percent to 5 percent.
February 4	Rolls Royce bankruptcy announced.
February 9	Los Angeles earthquake.
February 12	Discount rate reduced from 5 percent to 4-3/4 percent.
February 16	Prime rate reduced from 6 percent to 5-3/4 percent.
February 23	Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered.
March 16	Prime rate reduced from 5-3/4 percent to 5-1/2 percent.
March 17	Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972.
March 25	SST program terminated.
April 1	Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent.
April 23	Prime rate raised from 5-1/4 percent to 5-1/2 percent.
May 1	Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent.
May 17-18	Rail strike.
June 1-July 27	Communications workers strike against Western Union.

	1971--Continued
June 15-21	Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7.
June 29-July 16	Northern California construction strike.
July 1-October 6	West Coast dock strike.
July 14-August 2	Telephone strike.
July 15	Discount rate raised from 4-3/4 percent to 5 percent.
July 16-August 2	Rail strike.
July 31	Steel strike averted by accord on contract.
August 2	Lockheed loan guarantee approval.
August 3	Teamsters walkout in Northern California against building contractors.
August 15-November 13	President's economic policy message; 90-day wage-price freeze in effect.
October 1	East and Gulf Coast longshoremen's strike.
October 20	Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4.
November 11	Discount rate reduced from 5 percent to 4-3/4 percent.
November 14	Phase II of NEP in effect.
December 6	Stock margin requirements cut from 65 percent to 55 percent.
December 10	Revenue Act of 1971 signed into law.
December 13	Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.* Intent to devalue U.S. dollar announced.

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

CHRONOLOGY--Continued

1972

January 17- February 20	West Coast dock strike continued.
February 1- March 15	Kaiser Steel Company strike.
July 1	20 percent increase in social security benefits signed into law. Effective September.
September 11	Opening of BART Fremont-Oakland line.
September 21	"Friends of Mammoth" decision.
November 24	Stock margin requirements raised to 65 percent.

1973

January 11	Phase III of NEP in effect.
January 15	Discount rate raised from 4-1/2 percent to 5 percent.
January 27	Viet Nam cease fire signed.
January 29	Opening of BART Richmond-Oakland line.
February 12	10 percent devaluation of U.S. dollar announced.
March 2	Major foreign currency exchanges closed.
March 29	Price controls of meat announced.
April 9-13	Consumer meat boycott.
April 23	Discount rate raised from 5-1/2 percent to 5-3/4 percent.
May 10	Discount rate raised from 5-3/4 percent to 6 percent.
June 11	Discount rate raised from 6 percent to 6-1/2 percent.
June 14	60-day price freeze announced.
July 2	Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits.
July 6	Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent.

1973--Continued

July 18	Phase IV announced.
August 27	Prime rate at 9-3/4 percent in major institutions.
October 17	Arab nations announce reductions in oil shipment.
November 5- December 18	TWA strike.

1974

January 3	Stock margin requirements cut from 65 percent to 50 percent.
February 1-11	Independent truckers strike, midwest and east coast.
February 15	Prime rate reduced to 9 percent.
February 22	Prime rate reduced to 8-3/4 percent.
March 4	California minimum wage increased to $2.00 per hour from $1.65.
March 18	Arab oil embargo lifted.
March 27	Prime rate increased to 9 percent from 8-3/4 percent.
March 28	Prime rate further increased to 9-1/2 percent.
April 25	Federal Reserve raised discount rate to 8 percent from 7-1/2 percent.
April 29	Prime rate up to 10-3/4 percent.
April 30	Phase IV controls lifted in approximately 165 sectors of the economy.
June 17-August 4	San Diego construction strike.
June 17-July 21	Northern California construction strike.
July 1- Mid-August	Southern California construction strike.
July 1	Transit strikes, San Francisco Bay Area.
August 2- October 21	Los Angeles area transit strike.
August 8	Resignation of President Nixon announced.

1974--(Continued)

August 14	FHA mortgage rate raised to 9-1/2 percent. Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes: October 21......11 1/2 percent October 28......11 1/4 percent November 4 .....11 percent November 14.....10 3/4 percent November 25.....10 1/2 percent
October 8	Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks.
November 12-December 9	Coal strike.
December 9	Discount rate reduced from 8 percent to 7-3/4 percent.

1975

January 6	Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent.
January 10	Oil Chemical Atomic Workers Union strike.
January 13	Prime rate reduced to 10 percent. Further major cuts as follows: Jannuary 21.....9 3/4 percent January 31......9 percent February 6......8 3/4 percent February 19.....8 1/2 percent March 3.........8 1/4 percent March 8.........8 percent
January 21	FHA mortgage rate reduced from 9 percent to 8-1/2 percent.
February 5	Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent.
March 10	Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent.
March 24	Prime rate reduced to 7-1/2 percent by most major banks.
March 25	King Faisal assassinated.
March 29	Tax reduction act signed into law.
May 19	Prime rate reduced to 7-1/4 percent by several major banks.
June 10	Prime rate reduced to 7 percent by most banks.

1975--Continued

July 18	Prime rate increased to 7-1/4 percent. Further gains as follows: July 25.........7-1/2 percent August 11.......7-3/4 ercent September 15....8 percent
September 1	National Airlines strike.
October 16	Reserve requirement on time deposits reduced from 3 percent to 1 percent.
October 24	Prime rate reduced to 7-3/4 percent. Further reductions as follows: October 31......7-1/2 percent November 21.....7-1/4 percent
December 5-19	United Airlines strike.

1976

January 12	Prime rate lowered to 7 percent.
January 19	Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent.
January 21	Prime rate reduced to 6-3/4 percent.
April 1-3	Teamsters strike.
April 9-June 4	Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks.
April 21	Rubber workers strike.
July 20-August 2	Cannery workers strike.
August 2	Prime rate reduced to 7 percent. Further reductions as follows: October 4.......6-3/4 percent October 29......6-1/2 percent December 10.....6-1/4 percent
September 15-October 13	Auto workers strike.
October 18	California minimum wage raised to $2.50 per hour.
December 22	Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent.

1977

May 16	Prime rate raised to 6-1/2 percent.

1977--Continued

May 31	Prime rate raised to 6-3/4 percent.
August 22	Prime rate raised to 7 percent.
August 30	Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974.
September 16	Prime rate raised to 7-1/4 percent.
October 1-November 24	Longshoremen's strike against East and Gulf Coast ports.
October 7	Prime rate raised to 7-1/2 percent.
October 10-January 4	IAM-Lockheed strike.
October 24	Prime rate raised from 7-1/2 percent to 7-3/4 percent.
October 26	Discount rate raised from 5-3/4 percent to 6 percent.
December 6-March 24	United Mine Workers strike.

1978

January 1	U.S. minimum wage increased to $2.65 per hour.
January 9	Discount rate raised from 6 percent to 6-1/2 percent.
January 10	Prime rate raised to 8 percent.
February 28	FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent.
April 1	California minimum wage increased from $2.50 to $2.65 per hour.
April 1-May 28	United Airlines strike.
May 4	Prime rate raised from 8 percent to 8-1/4 percent.
May 8	California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent.
May 12	Discount rate raised to 7 percent.

1978--Continued

May 23	Federal funds rate increased to 7-1/2 percent. FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent.
May 26	Prime rate raised from 8-1/4 percent to 8-1/2 percent.
June 6	Proposition 13 approved by California voters.
June 16	Prime rate raised to 8-3/4 percent.
June 20	OPEC announced a freeze on crude oil prices until December 16.
June 22	Federal funds rate raised from 7-1/2 percent to 7-3/4 percent.
June 29	FHA-VA mortgage rate raised to 9-1/2 percent.
June 30	Prime rate raised to 9 percent.
July 10	Discount rate raised to 7-1/4 percent.
July 18	Teamsters union strike affecting supermarkets throughout Northern California.
August 20	Retail clerks union strike in Southern California.
August 21	Discount rate raised to 7-3/4 percent.
August 29	Federal funds rate raised from 8-1/8 percent to 8-1/4 percent.
August 31	Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent.
September 15	Prime rate raised to 9-1/2 percent.
September 22	Discount rate raised from 7-3/4 percent to 9-3/4 percent.
September 28	Prime rate raised from 9-1/2 percent to 9-3/4 percent.
October 12	Prime rate raised from 9-3/4 percent to 10 percent.

1978--Continued

October 15	Tax cut and energy bills passed by Congress.
October 16	Discount rate raised from 8 percent to 8-1/2 percent.
October 18	Federal funds rate raised from 8-3/4 percent to 8-7/8 percent.
October 24	Prime rate raised from 10 percent to 10-1/4 percent.
	California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions.
October 24	Phase II announced: voluntary guidelines on wages and prices.
November 1	Discount rate raised from 8-1/2 percent to 9-1/2 percent.
	Prime rate raised to 10-1/2 percent.
November 3	Prime rate raised from 10-1/2 percent to 10-3/4 percent.
November 13	Prime rate raised from 10-3/4 percent to 11 percent.
November 24	Prime rate raised to 11-1/2 percent.
November 27	Federal funds rate raised from 9-3/4 percent to 9-7/8 percent.
December 4	Rollover for 6-month certificates of deposit (CDs) began this week.
December 19	Federal funds rate raised to 10 percent.
December 20	Prime rate raised to 11-3/4 percent.

1979

January 1	U.S. minimum wage increased to $2.90 per hour.
January 13	Prime rate reduced to 11-1/2 percent.
March 15	Terms for MMCs changed. 1/4 point differential over 9 percent eliminated.

1979--Continued

March 27	OPEC price increases: 9 percent. Selected surcharges imposed.
March 31	United Airlines-machinist strike.
April 1-10	Teamsters strike.
May 7	Prime rate moved to 11-3/4 percent from 11-1/2 percent.
May 19	Federal funds rate set at 7-1/4 percent.
May 26	United Airlines strike ended.
May 30	Interest rate on conventional mortgages raised to 11-3/4 percent.
June 12	Prime rate reduced to 11-1/2 percent.
July 1	Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks.
July 20	Discount rate raised from 9-1/2 percent to 10 percent.
August 16	Discount rate raised to 10-1/2 percent.
August 24	Federal funds rate raised from 11 percent to 11-1/4 percent.
August 26-September 10	Los Angeles Rapid Transit District strike.
August 28	Prime rate raised from 12 percent to 12-1/4 percent.
August 31-November 21	BART strike.
September 4	Federal funds rate raised from 11-1/percent

1980

February 25	Prime rate raised to 16-1/2 percent.
February 27	Ceilings on interest rates for government backed mortgages raised to 13 percent.
February 29	Prime rate raised to 16-3/4 percent.

CHRONOLOGY--Continued

	1980--Continued
March 4	Prime rate raised to 17-1/4 percent.
March 7	Prime rate raised to 17-3/4 percent.
March 13	Prime rate raised to 18-1/4 percent.
March 14	Announcement of tighter fiscal policies.
March 18	Prime rate raised to 19 percent.
April 2	Prime rate raised to 20 percent.
April 3	FHA mortgages raised to 14 percent.
April 20	Prime rate reduced to 19-1/2 percent.
April 28	FHA mortgages reduced to 13 percent.
	Prime rate reduced to 18-1/2 percent.
May 5	Prime rate reduced to 18 percent.
May 7	Prime rate reduced to 17 percent.
May 12	Prime rate reduced to 16-1/2 percent.
May 19	Prime rate reduced to 16 percent.
May 28	Discount rate lowered to 12 percent from 13 percent.
June 4	Prime rate reduced to 13 percent.
June 12	Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent.
June 20	Prime rate reduced to 12 percent.
June 24	Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent.
June 25	Carpenters strike in Northern California ended.
July 3	ICC begins trucking industry deregulation.
July 21	Motion picture and television industry strike.

	1980--Continued
July 22	Prime rate reduced to 11 percent.
July 25	Prime rate reduced to 10-3/4 percent.
July 28	Discount rate reduced to 10 percent.
August 5	Prime rate raised to 11 percent.
August 27	Prime rate raised to 11-1/2 percent.
September 5	FHA mortgage interest rate raised from 11-1/2 to 12 percent.
September 12	California morgage rate raised from 13-1/2 percent to 13-3/4 percent.
September 25	Pacific Southwest Airlines (PSA) pilots strike begins.
September 26	Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent.
October 2	Prime raised from 13 to 13-1/2 percent.
October 3	Prime raised to 14 percent.
October 15	AFTA workers return to work.
October 23	Screen Actors Guild strike ends.
October 30	Prime raised from 14 to 14-1/2 percent.
November 7	Prime raised from 14-1/2 to 15-1/2 percent.
November 14	PSA pilots strike ends.
November 17	Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent.
November 21	Prime raised to 17 percent.
November 28	Prime raised to 17-3/4 percent.
December 3	Prime raised from 17-3/4 to 18-1/2 percent.
December 5	Discount rate raised from 12 to 13 percent. Prime raised to 19 percent.
December 11	Prime raised to 20 percent.

CHRONOLOGY--Continued

1980--Continued

December 23	Prime lowered from 21 to 20-1/2 percent.

1981

January 1	Minimum wage raised from $3.10 to $3.35.
January 6	Prime lowered to 20 percent.
January 20	American hostages released from Iran.
	Ronald Reagan inaugrated as 40th President of the U.S.
January 28	Deregulation of oil and gas industry announced, effective immediately.
January 29	Prime rate lowered to 19-1/2 percent from 20 percent.
February 16	General Motors and Ford rebate plans announced.
February 23	Prime rate lowered to 18 percent.
March 2	Prime rate lowered to 18-1/2 percent.
March 10	Prime rate lowered to 18 percent.

1981--(Continued)

March 16	Prime rate lowered to 17-1/2 percent.
March 18	Prime rate lowered to 17 percent.
March 26	United mine workers strike.
April 13	Prime rate raised to 17-1/2 percent.
April 29	Prime rate raised to 18 percent.
May 4	Prime rate raised to 19 percent.
May 5	Discount rate raised from 13 percent to 14 percent.
May 8	FHA-VA rate up to 15-1/2 percent from 14-1/2 percent.
May 11	Prime rate raised to 19-1/2 percent.
May 22	Prime rate raised to 20 percent.
May 27	OPEC fails to agree on a uniform price schedule. OPEC officials freeze prices at current level.
June 5	Dollar reaches highest level in international trading since December 1971.
June 8	Coal miners end 72 day strike and ratify a 40-month contract.

REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854 -

Initial trough	Peak	Terminal trough	Expansion (months)	Contraction (months)	Total (months)
Dec. 1854	June 1857	Dec. 1858	30	18	48
Dec. 1858	Oct. 1860	June 1861	22	8	30
June 1861	April 1865	Dec. 1867	46	32	78
Dec. 1867	June 1869	Dec. 1870	18	18	36
Dec. 1870	Oct. 1873	March 1879	34	65	99
March 1879	March 1882	May 1885	36	38	74
May 1885	March 1887	April 1888	22	13	35
April 1888	July 1890	May 1891	27	10	37
May 1891	Jan. 1893	June 1894	20	17	37
June 1894	Dec. 1895	June 1897	18	18	36
June 1897	June 1899	Dec. 1900	24	18	42
Dec. 1900	Sept. 1902	Aug. 1904	21	23	44
Aug. 1904	May 1907	June 1908	33	13	46
June 1908	Jan. 1910	Jan. 1912	19	24	43
Jan. 1912	Jan. 1913	Dec. 1914	12	23	35
Dec. 1914	Aug. 1918	March 1919	44	7	51
March 1919	Jan. 1920	July 1921	10	18	28
July 1921	May 1923	July 1924	22	14	36
July 1924	Oct. 1926	Nov. 1927	27	13	40
Nov. 1927	Aug. 1929	March 1933	21	43	64
March 1933	May 1937	June 1938	50	13	63
June 1938	Feb. 1945	Oct. 1945	80	8	88
Oct. 1945	Nov. 1948	Oct. 1949	37	11	48
Oct. 1949	July 1953	May 1954	45	10	55
May 1954	Aug. 1957	April 1958	39	8	47
April 1958	April 1960	Feb. 1961	24	10	34
Feb. 1961	Dec. 1969	Nov. 1970	106	11	117
Nov. 1970	Nov. 1973	March 1975	36	16	52
March 1975	Jan. 1980		58		

SOURCES OF STATISTICAL SERIES

Employment Development Department Employment Data and Research	Civilian employment Unemployment Unemployment rate Nonagricultural employment Manufacturing employment Hours and earnings Nonagricultural placements Initial claims for unemployment insurance Insured unemployment Index for production worker man-hours
Department of Industrial Relations Division of Labor Statistics and Research	California consumer price index
Department of Finance	Personal income Wages and salaries Index of leading indicators
Department of Motor Vehicles	New auto registrations
State Board of Equalization	Taxable sales
Security Pacific National Bank	Housing units authorized Valuation of nonresidential construction
U.S. Department of Commerce	Retail sales
U.S. Bureau of Labor Statistics	Consumer price indices
U.S. Department of Defense	Prime defense contracts
Federal Power Commission	Electricity production
California Redwood Association	Lumber production
Conservation Committee of California Oil Producers	Petroleum production
American Iron and Steel Institute	Steel production
U.S. Bureau of Mines	Cement production
Dun and Bradstreet	Business failures and liabilities
California Secretary of State	New business incorporations
Federal Reserve Bank of San Francisco	Demand deposits Commercial and industrial loans

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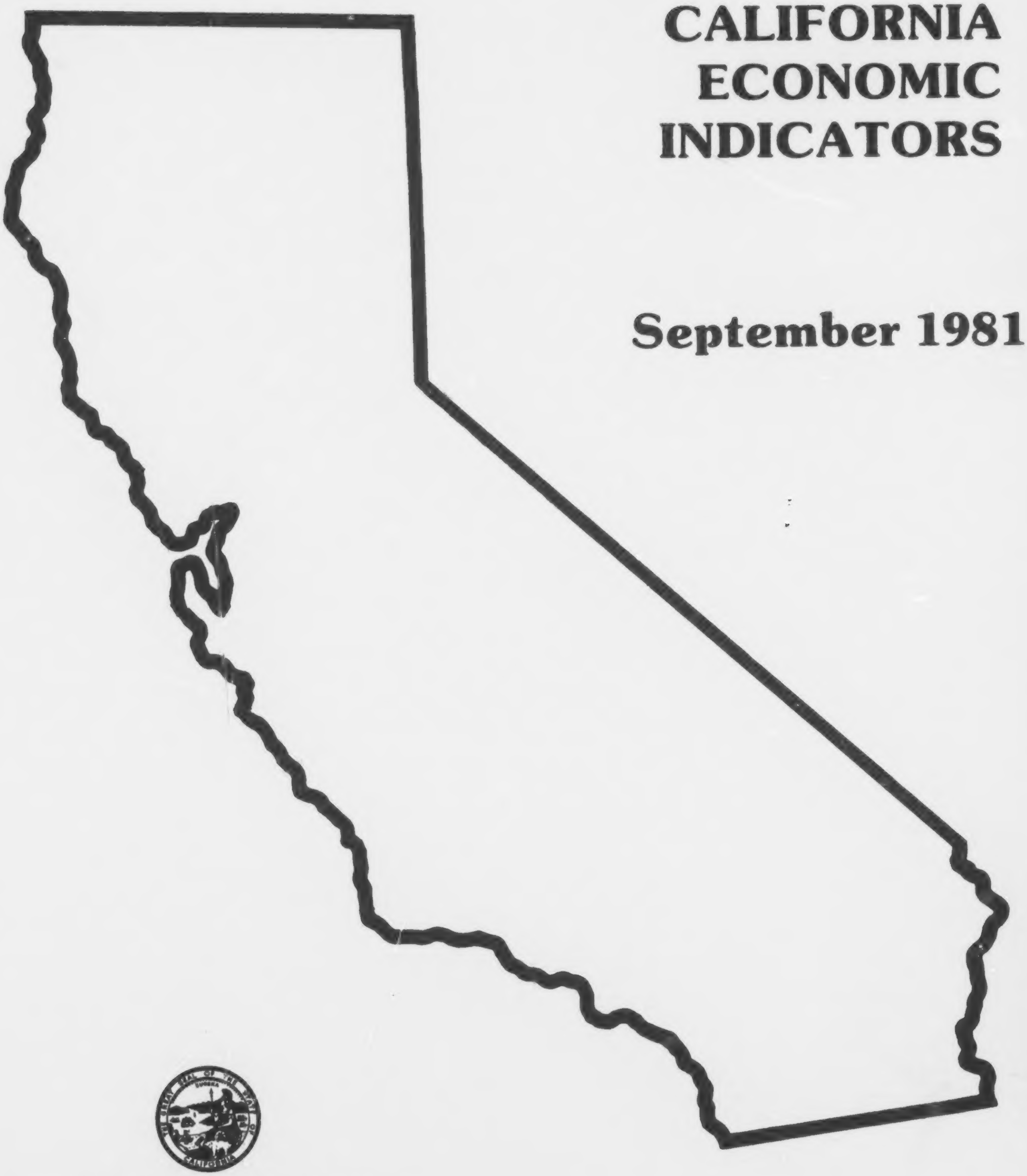
CALIFORNIA ECONOMIC INDICATORS

September 1981



DEPARTMENT OF FINANCE

INTRODUCTION

California Economic Indicators is a bimonthly summary of economic trends and data relating to the State of California. Generally patterned after the U.S. Census Bureau publication Business Conditions Digest, the report contains the following regular features:

- review of economic developments
- current California economic data table
- economic indicator charts
- basic data for California economic series
- chronology of major economic events.

Developments in California over the most recent months are reviewed in a brief text, and then summarized in a current data table which shows changes over the previous year. Charts containing monthly and quarterly series from 1971 are included to facilitate the review of current developments, and to appraise the significance of the developments on the State economy. Much of the data in the report has been seasonally adjusted by the source agency or the Department of Finance.

Sources are cited on the inside back cover to assist readers in obtaining any additional information on the statistical series published. Finally, reference dates for U.S. business cycles, as determined by the National Bureau of Economic Research, are shown on the back of the publication.

Individuals or businesses seeking assistance in their economic development or job creation efforts are advised to contact the Department of Economic and Business Development. The Department can also provide additional general information on economic opportunities in California. Correspondence should be addressed to: State of California, Department of Economic and Business Development, 1120 N Street, Sacramento, CA 95814.

The Department of Finance welcomes suggestions on additions or changes which would make the Indicators a more useful publication. Correspondence should be addressed to: State of California, Department of Finance, Financial Research Unit, 1025 P Street, Sacramento, CA 95814.

Subscriptions are $5.00 per year, and begin with the January issue. The subscription price will be prorated throughout the year based upon the beginning subscription date, as shown below:

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September	1.65
November	0.85

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REVIEW OF ECONOMIC DEVELOPMENTS

The California economy has reached a plateau. Although employment, hours and earnings, and production are up over last year's depressed levels, gains the past two months have not been across the board.

The August unemployment rate for California was 0.5 percent lower than the July rate, but was the same as June's 6.7 percent rate. This is compared to the August U.S. unemployment rate of 7.2 percent. Civilian employment in August was 10,629,000, a net increase of 62,000 jobs since June, but still below May's 10,665,000.

Total nonagricultural wage and salary employment rose 0.2 percent during August, to 10,044,500. On a seasonally adjusted basis, this was only 20,000 more jobs than in January. This stagnation can be traced directly to declines in interest sensitive industries--specifically construction and manufacturing. Construction employment has declined 8.7 percent since January, and manufacturing employment has declined 1.2 percent. Improvement in these industries is highly unlikely until interest rates come down substantially.

The declines in construction and manufacturing employment have been almost exactly offset by gains in the more insulated industries. Gains in employment since January range from more than 2 percent in mining and services to less than 1 percent in the finance sector.

(All nonagricultural employment data, including numbers in the California Economic Factors Table, represent the Interim Benchmark Series prepared by the Employment Development Department. August data are estimated by the Department of Finance based upon the official BLS employment series.)

The inflation rate in California, as measured by the consumer price indexes, continues to slow down. The California Index, as calculated by the Department of Industrial Relations, showed a year-to-year increase of 8.3 percent in June, to 272.6 (1967=100). This easing in prices can be traced to negligible gains in food prices and a slowing in energy price rises.

The consumer price indexes for Los Angeles-Long Beach and San Diego posted what is expected to be a temporary spurt in July. The Los Angeles-Long Beach index rose 1.6 percent in July, to 272.2, and the San Diego index rose 2.7 percent from May to June to 305.4 (1967=100). For both cities, the medical care and housing components were the primary sources of growth.

Housing activity continued to deteriorate in July. Housing authorizations in July were at a 103,000 annual rate. This level was more than 40 percent lower than in July 1980, and is the lowest monthly rate since May 1980.

The California Index of Leading Economic Indicators fell 2.0 percent in July. In general, the index must decline for three months before a downward trend can be anticipated. Given the current high interest rates, the outlook at this point is uncertain.

CURRENT CALIFORNIA ECONOMIC DATA

	1981				1980		Percent Change July 1980-July 1981
	July	June	May	April	July	June	
mployment[a]							
ivilian employment (000)	10,521	10,567	10,665	10,647	10,455	10,366	0.6
nemployment (000)	819	757	740	815	752	799	8.9
nemployment rate	7.2	6.7	6.5	7.1	6.7	7.2	--
onagricultural wage and salary employment[b] (000)	10,025.5	10,011.8	10,034.6	10,025.9	9,848.1	9,799.6	1.8
Mining	47.3	47.8	47.9	47.3	43.6	43.2	8.5
Construction	423.3	430.6	438.8	443.9	429.3	429.9	-1.4
Manufacturing	1,998.5	2,006.4	2,019.6	2,021.0	1,985.1	1,984.5	0.7
Aerospace[c]	622.9	621.4	620.0	621.0	619.6	617.8	0.5
Transportation--communications public utilities	555.9	551.5	555.9	554.2	549.4	538.8	1.2
Trade	2,319.0	2,302.7	2,306.2	2,299.8	2,268.0	2,251.5	2.2
Finance--insurance--real estate	646.5	647.5	646.7	644.6	620.8	620.0	4.1
Services	2,270.9	2,272.7	2,268.5	2,257.9	2,182.2	2,166.4	4.1
Government	1,763.3	1,765.6	1,760.1	1,763.2	1,765.0	1,773.2	-0.1
Federal	322.1	320.7	319.2	320.9	330.4	338.5	-2.5
State and local	1,441.2	1,444.9	1,440.6	1,442.3	1,434.6	1,434.7	0.5
Hours and Earnings, Manufacturing							
Average weekly hours	39.1	39.7	39.8	39.2	39.0	39.3	0.3
Average weekly earnings	$337.32	$366.66	$334.32	$327.10	$303.03	$301.43	11.3
Average hourly earnings	$8.64	$8.48	$8.40	$8.34	$7.77	$7.67	11.2
Index of Leading Indicators	153.8	157.0	156.7	155.2	142.4	140.5	8.0
Trade							
Retail sales (millions)	n.a.	9,916	9,798	9,634	8,918	8,717	--
New auto registrations (number)	n.a.	n.a.	74,409	92,564	78,245	70,635	--
Business							
Business failures (number)	n.a.	n.a.	n.a.	n.a.	127	184	--
Business liabilities (000)	n.a.	n.a.	n.a.	n.a.	$36,508	$15,126	--
New incorporations (number)	5,763	5,587	4,576	4,920	5,261	419.3	9.2
Consumer Price Index, all items[d]							
California average (1967=100)	--	272.6	--	269.6	--	251.8	--
San Francisco (1967=100)	--	274.4	--	270.3	--	248.0	--
Los Angeles (1967=100)	272.2	267.9	267.3	265.5	248.7	250.1	9.4
San Diego (1967=100)	305.4	--	297.5	--	269.9	--	13.2
Output							
Petroleum production (000 barrels daily)	n.a.	1,069.9	1,057.2	1,016.9	963.4	961.9	--
Cement production (000 short tons)	n.a.	694.0	633.2	711.2	682.7	763.3	--
Raw steel production (000 net tons)	n.a.	242.6	246.1	258.1	181.6	203.8	--
Lumber shipments (mil. FBM)	78.4	82.9	72.9	100.3	70.7	80.7	10.9
Construction							
Private residential housing units authorized (number)	9,365	10,755	12,046	13,171	13,986	10,842	-33.0
Nonresidential building authorized, valuation (000)	$887,588	$706,888	$720,125	$639,464	$673,458	$589,088	31.8

[a] Adjusted for seasonal variation.

[b] Interim series of wage and salary workers. This unofficial series is adjusted for the latest tabulations of unemployment insurance coverage and approximates what the official data will be when estimates are updated at year end. March data are estimated by the Department of Finance based upon the official BLS employment series.

[c] Interim series does not give a detailed breakdown of manufacturing for aerospace employment. This value is from the EDD official employment series, it is not seasonally adjusted.

[d] All urban series.

n.a. Not available

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Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are production worker man-hours, insured unemployment, manufacturing employment, and taxable sales. These series are discussed in the technical note below.

Data for most series are plotted monthly. Quarterly series are identified following the series title on the chart.

The Arabic numeral in the right hand corner of each graph indicates the latest month for which the data are plotted (e.g.: 7 = July).

Roman numerals indicate the latest quarter for which data are plotted (III = third quarter).

TECHNICAL NOTE

Whenever appropriate, data used in the charts have been seasonally adjusted. The series on average weekly hours of production workers in manufacturing and production worker man-hours are adjusted by the Bureau of Labor Statistics method. Other series have been adjusted by the Bureau of the Census (Shiskin) method. Persons interested in a detailed description of these methods are referred to the U.S. Department of Labor, Bureau of Labor Statistics, the BLS Seasonal Factor Method (1964); and the U.S. Department of Commerce, Bureau of the Census, Technical Paper No. 15, The X-11 Variant of the Census Method II, Seasonal Adjustment Program (November 1965.)

Under the Census Bureau seasonal method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

Production Worker Man-Hours

This series is a substitute for the man-hours in nonagricultural establishments series used in the Census Bureau's publication, Business Cycle Developments. It is the cross product of average weekly hours of production workers in manufacturing and manufacturing employment. Workweek data are a leading indicator. Manufacturing employment appears to be a coincident indicator, although at times it seems to lead economic downturns. Because of this, the man-hours series has been classified in the present publication as a leading indicator.

Insured Unemployment

The series on total insured unemployment is being used rather than the insured unemployment rate included in the Census Bureau's indicator list. The insured rate is available only with a lag of nine months, which precludes its usefulness as a current indicator.

Manufacturing Employment

This series is also an addition to the Census Bureau indicator list. It was used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

Taxable Sales

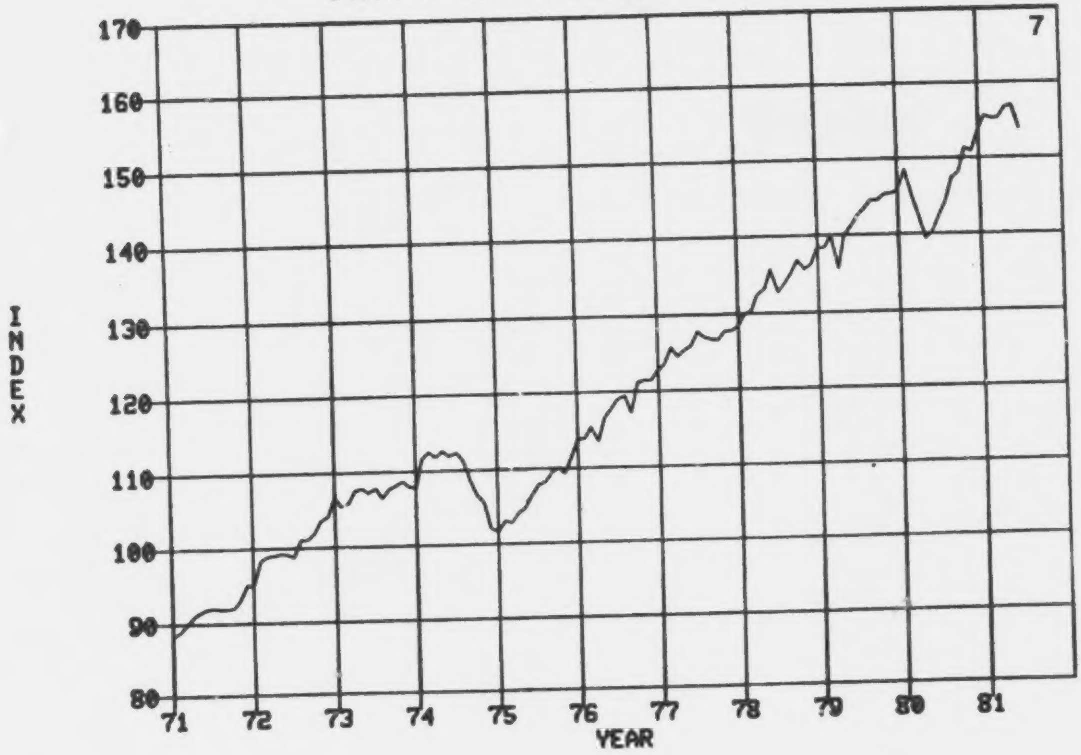
Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is therefore a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950.

The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but will be of interest to persons looking at overall economic developments.

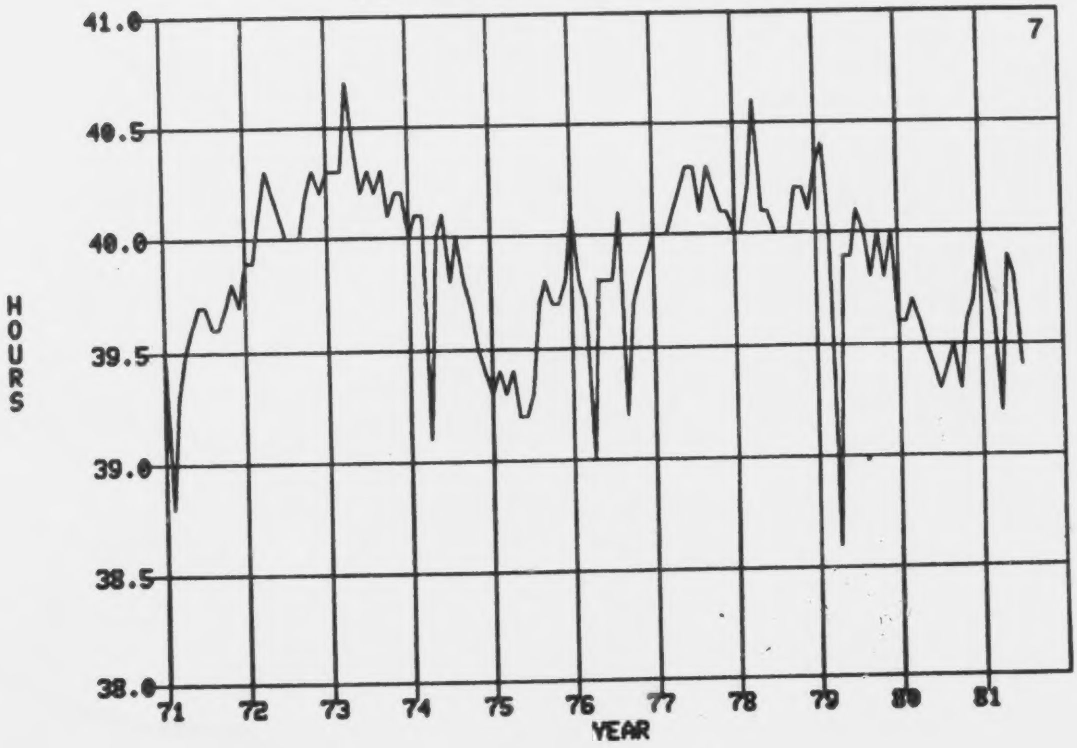
Standard Abbreviations

n.a.	Not available	p	Preliminary
e	Estimate	r	Revised

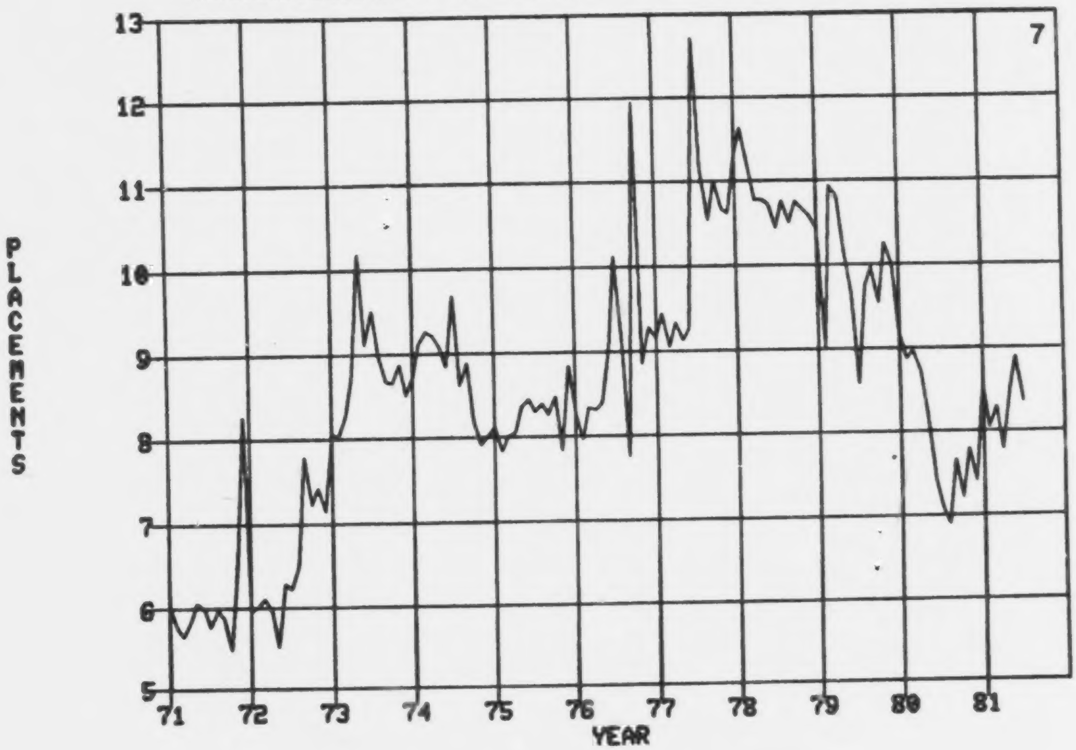
INDEX OF LEADING INDICATORS (1972=100)



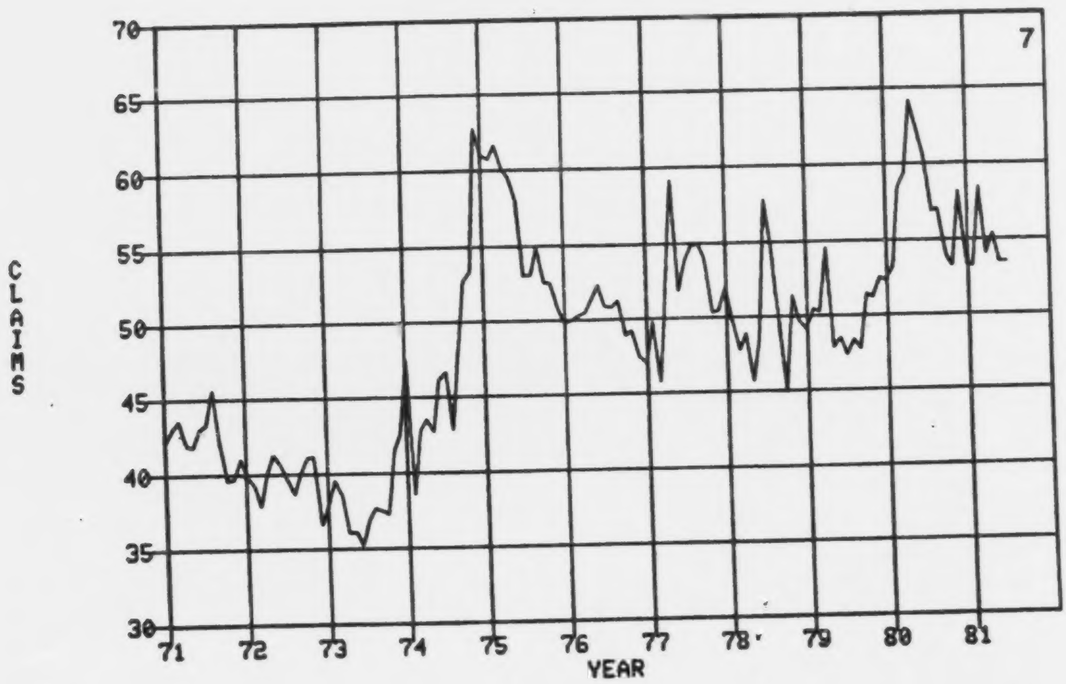
AVERAGE WEEKLY HOURS, MANUFACTURING



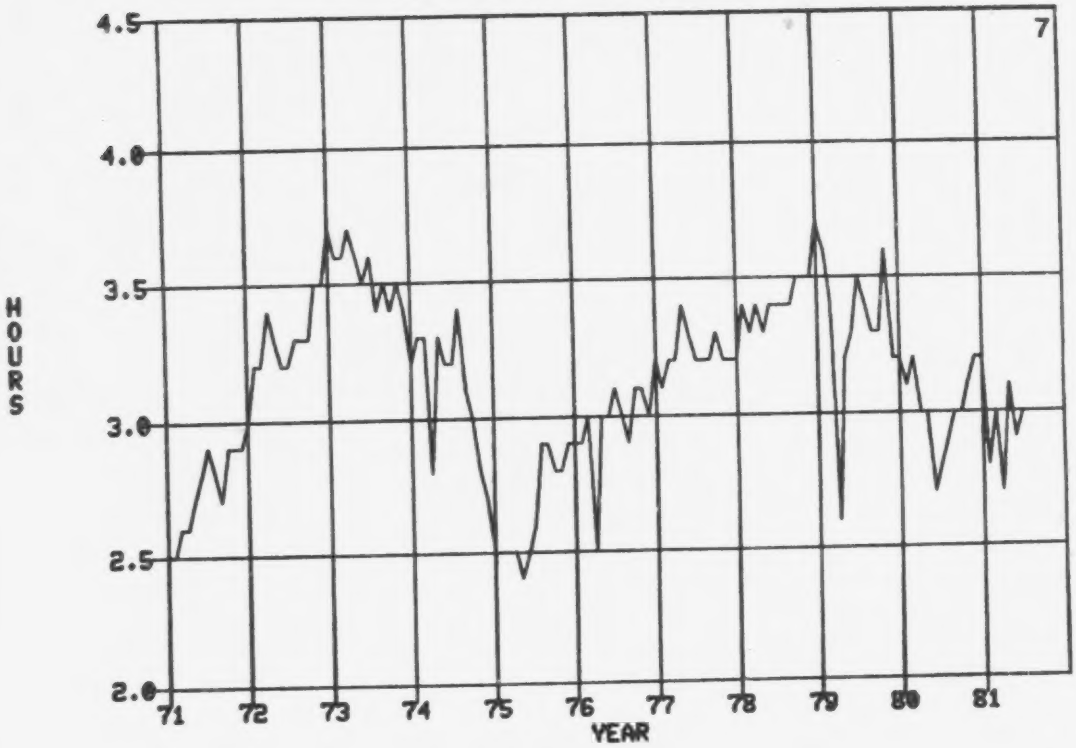
NONAGRICULTURAL PLACEMENTS, WEEKLY AVERAGE (IN THOUSANDS)



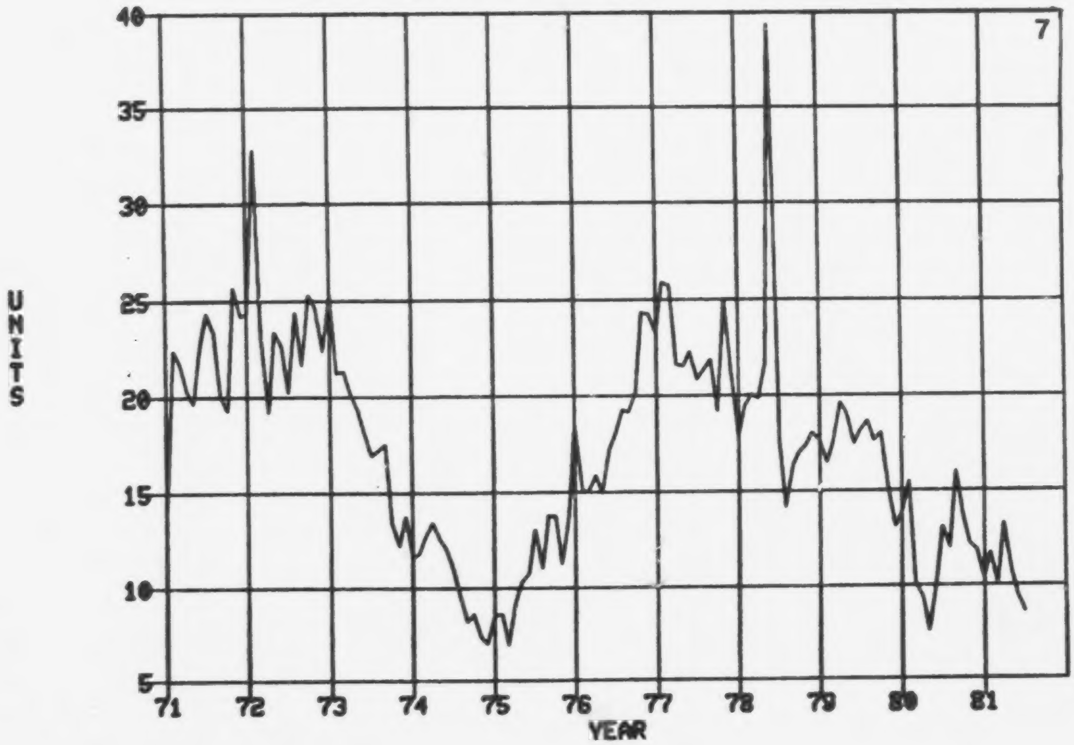
INITIAL CLAIMS FOR UNEMPLOYMENT INSURANCE, WEEKLY AVERAGE (IN THOUSANDS)

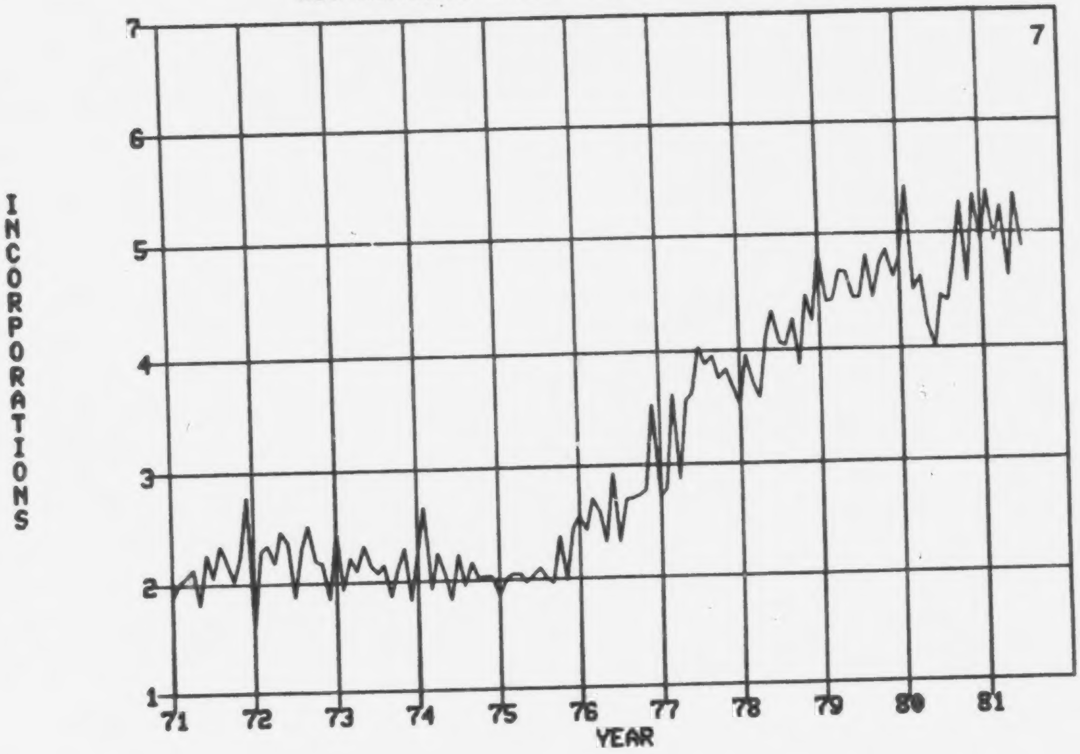


OVERTIME HOURS, MANUFACTURING

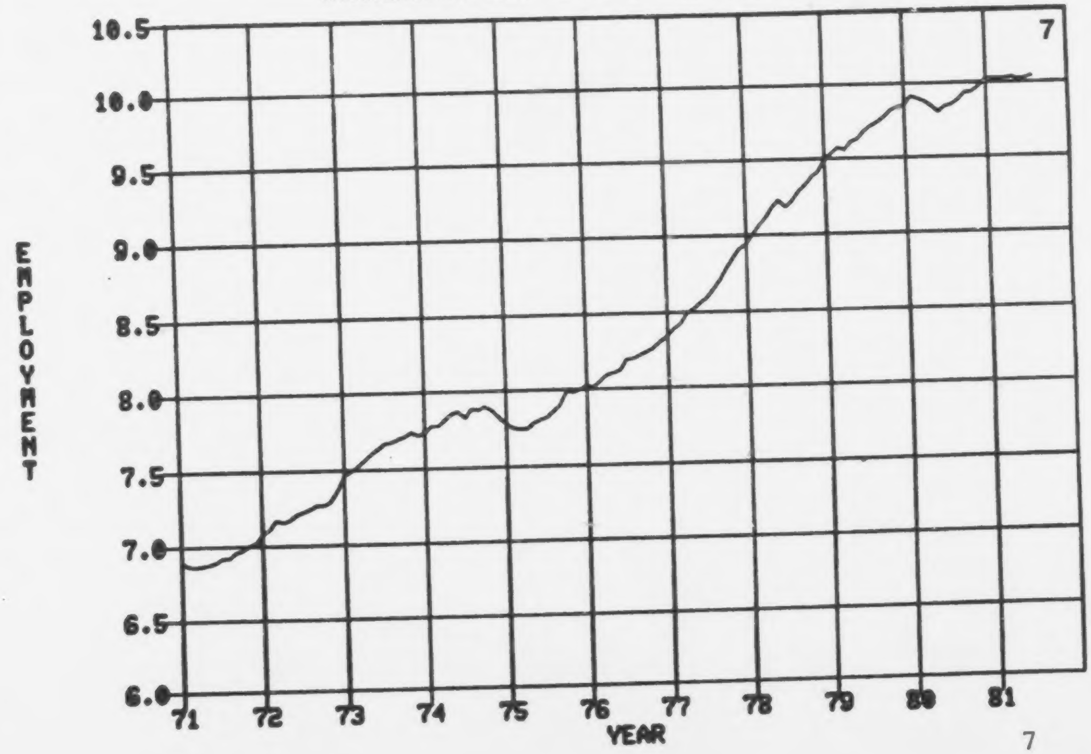


PRIVATE HOUSING UNITS AUTHORIZED (IN THOUSANDS)

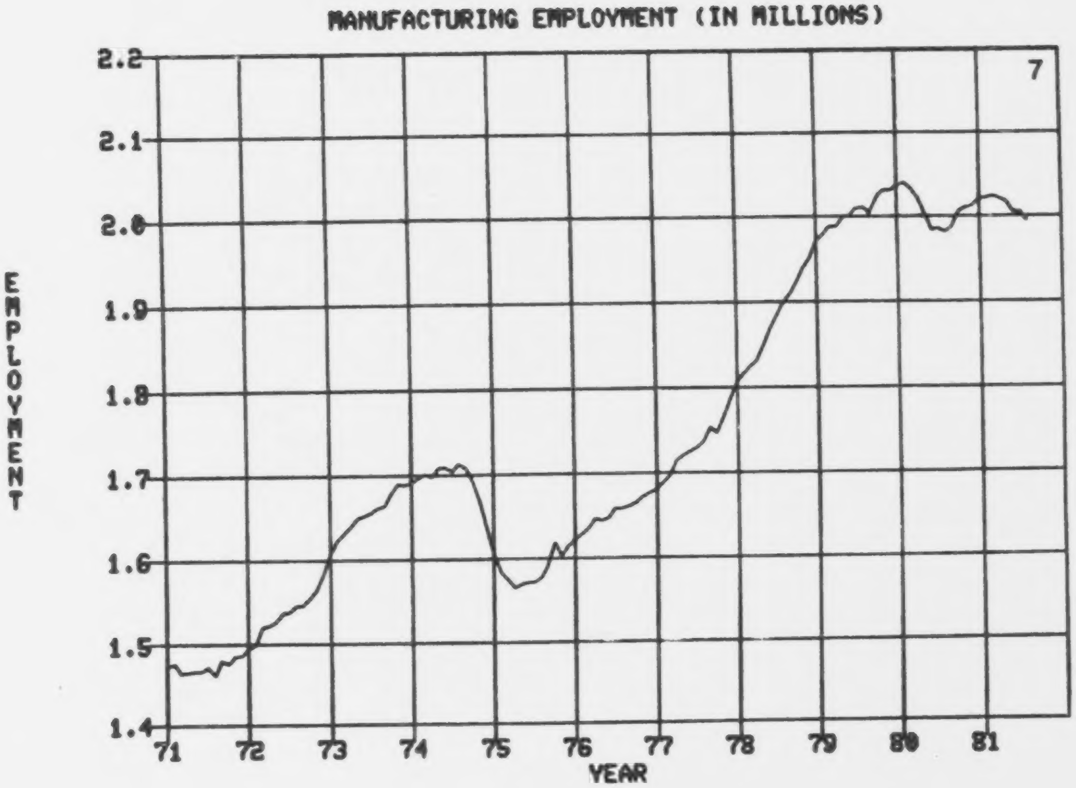




NEW BUSINESS INCORPORATIONS (IN THOUSANDS)



NONAGRICULTURAL EMPLOYMENT (IN MILLIONS)


MANUFACTURING EMPLOYMENT (IN MILLIONS)
7
EMPLOYMENT
2.2
2.1
2.0
1.9
1.8
1.7
1.6
1.5
1.4
71
72
73
74
75
76
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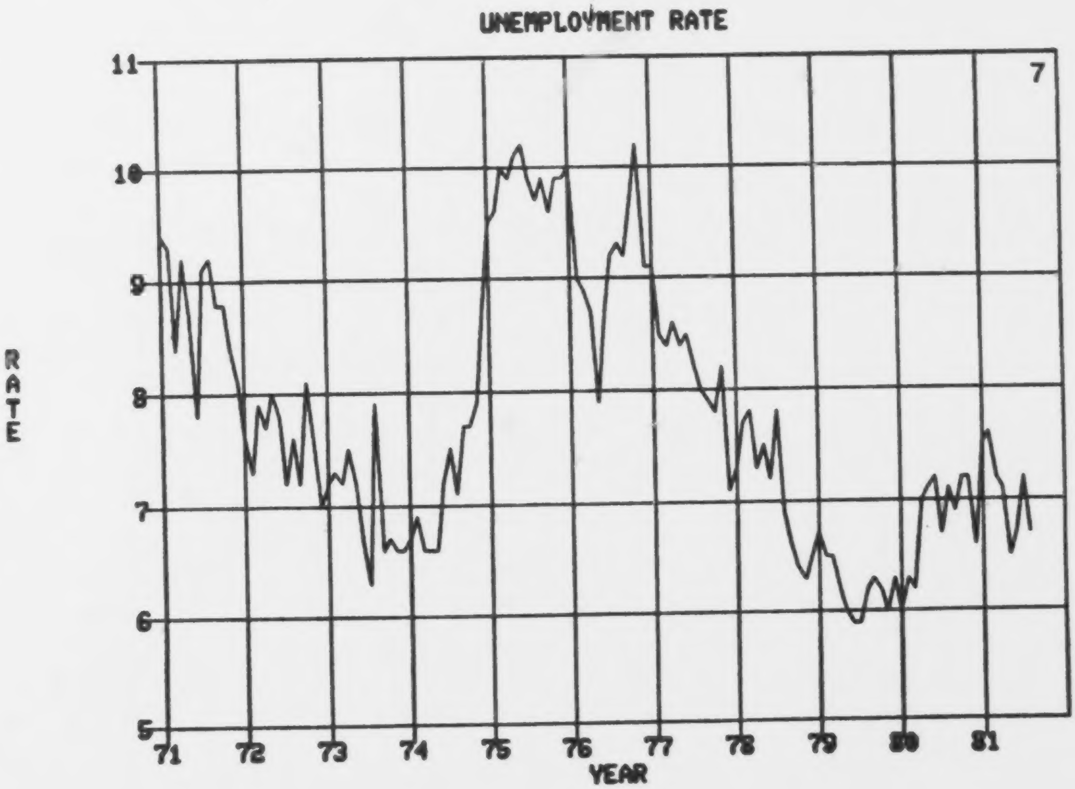
79
80
81
YEAR


UNEMPLOYMENT RATE
7
RATE
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10
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5
71
72
73
74
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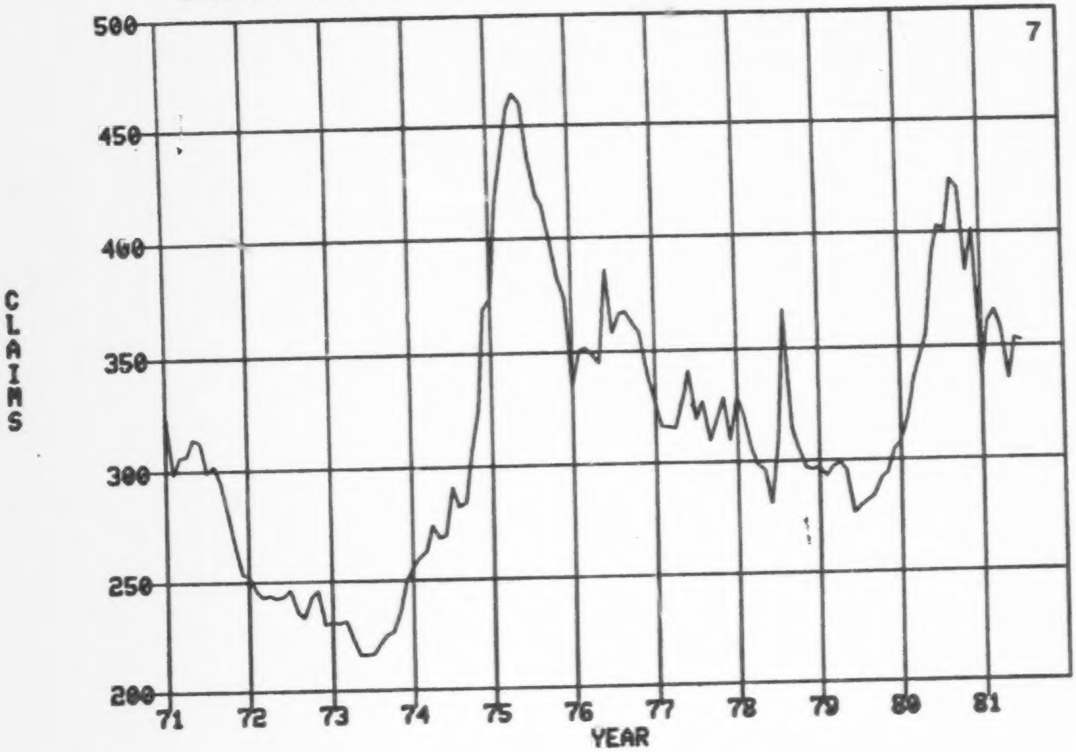
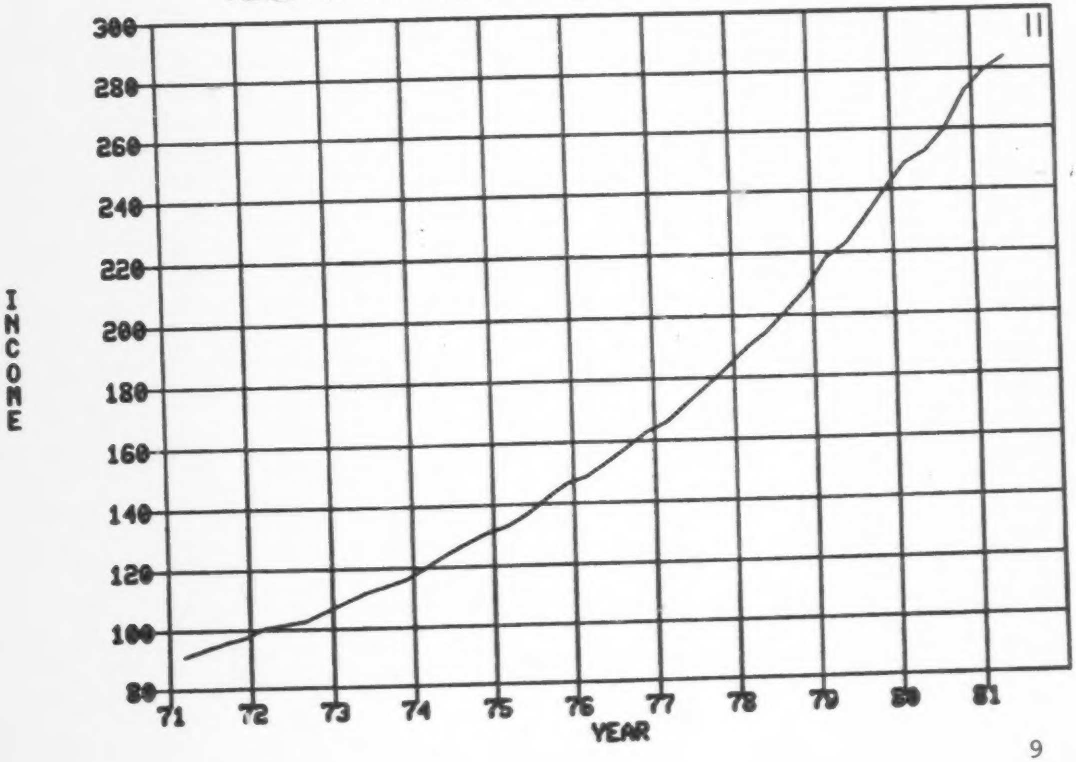
81
YEAR

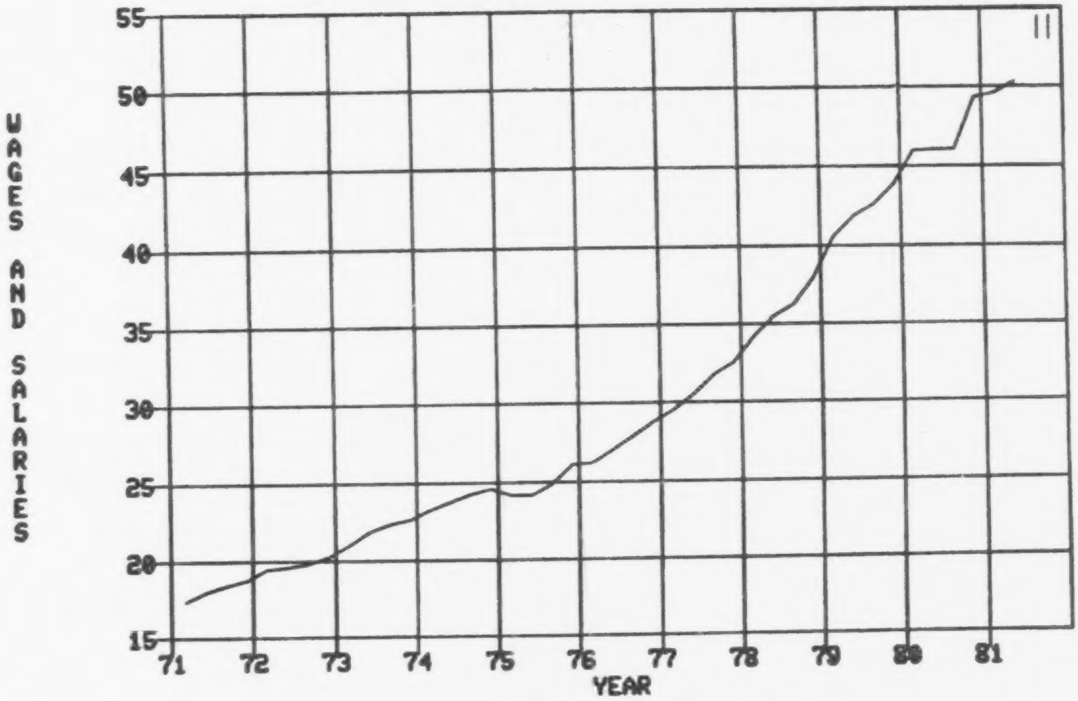
INSURED UNEMPLOYMENT, AVERAGE WEEKS CLAIMED (IN THOUSANDS)



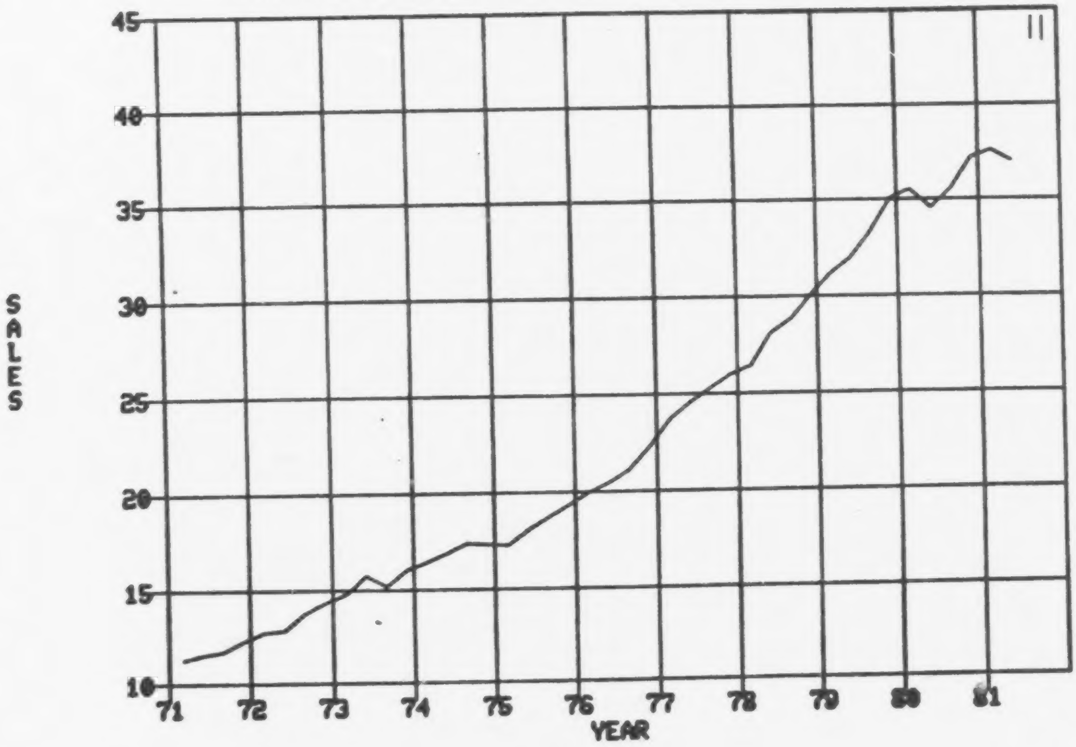
PERSONAL INCOME, QUARTERLY (IN BILLIONS OF DOLLARS)

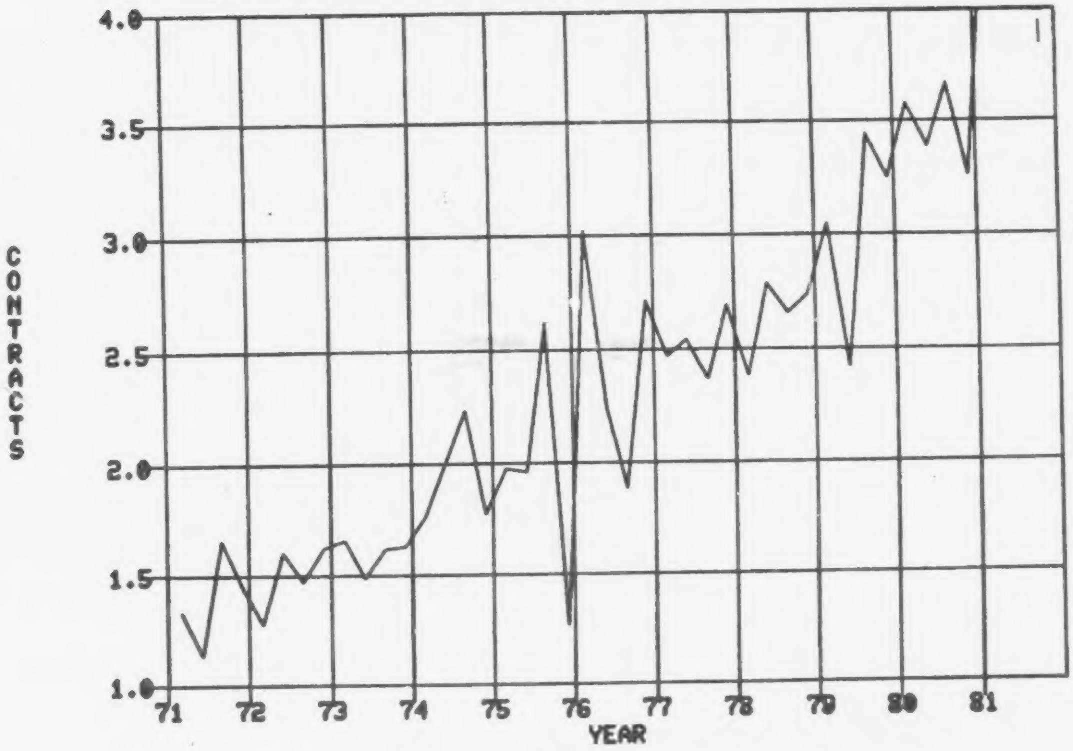


WAGES AND SALARIES FROM MINING, MANUFACTURING, AND CONSTRUCTION, QUARTERLY (IN BILLIONS OF DOLLARS)

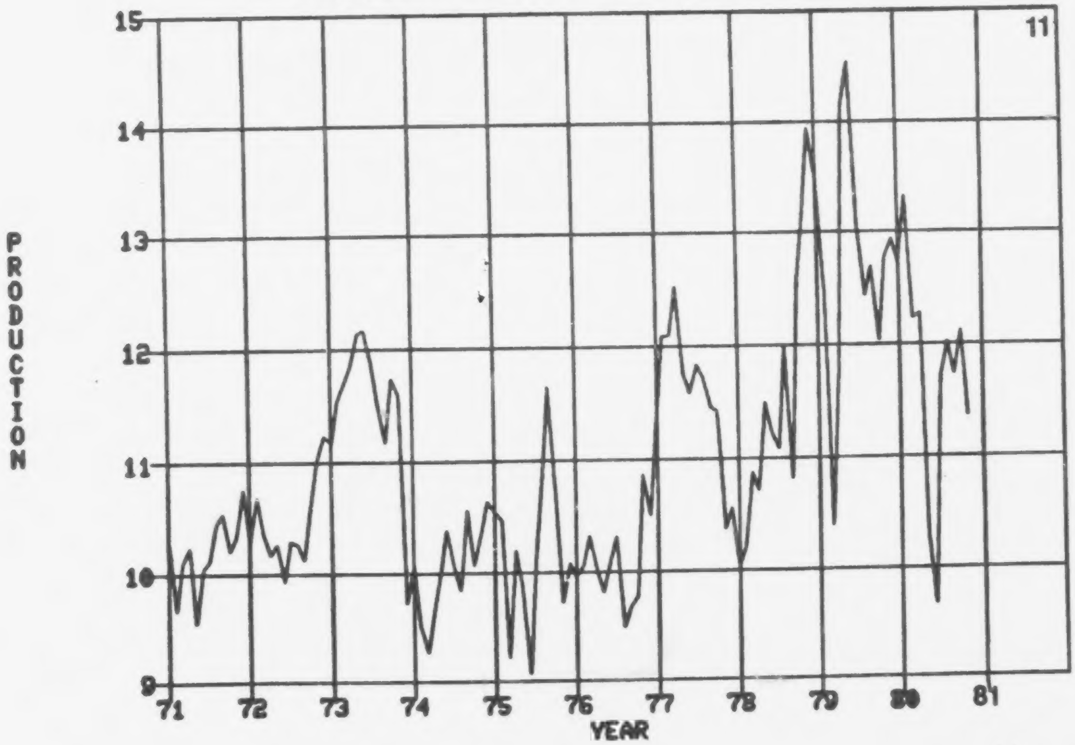


TAXABLE SALES, QUARTERLY (IN BILLIONS OF DOLLARS)



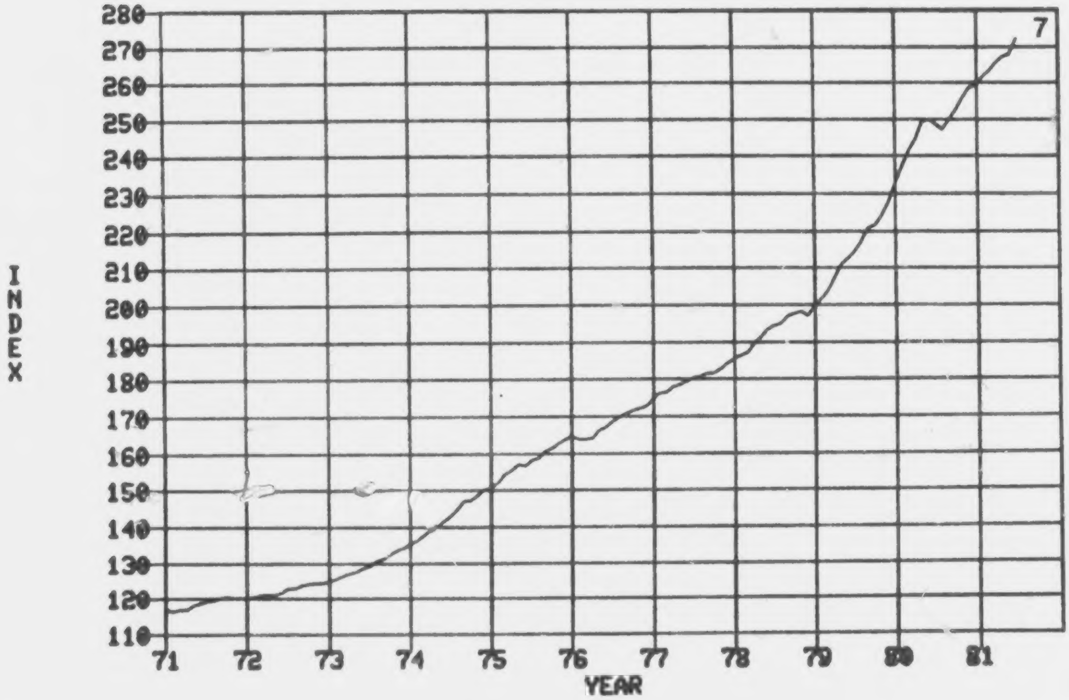


DOD PRIME CONTRACTS, QUARTERLY (IN BILLIONS OF DOLLARS)

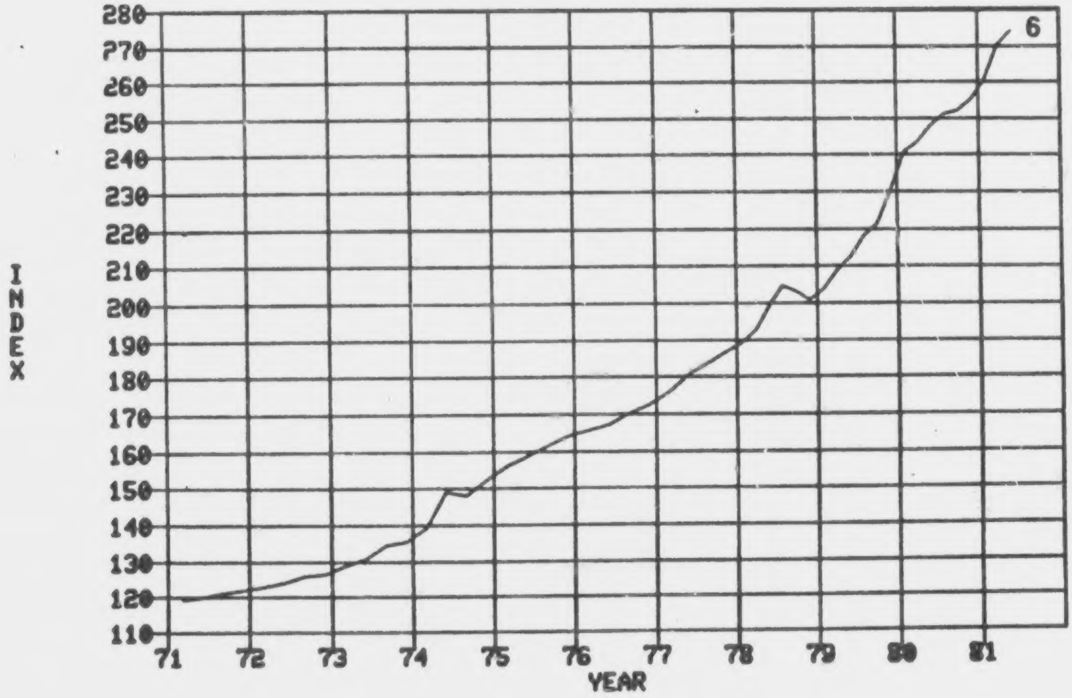


ELECTRICITY PRODUCTION (IN BILLIONS OF KWH)

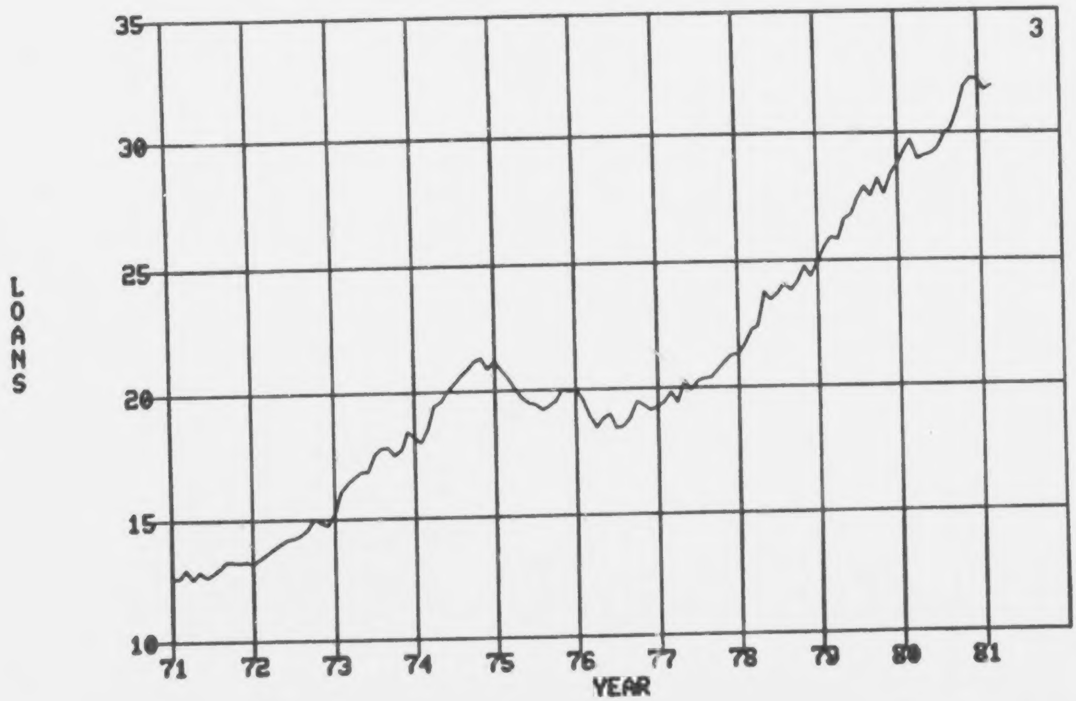
CONSUMER PRICE INDEX, LOS ANGELES
ALL URBAN CONSUMERS (1967=100)



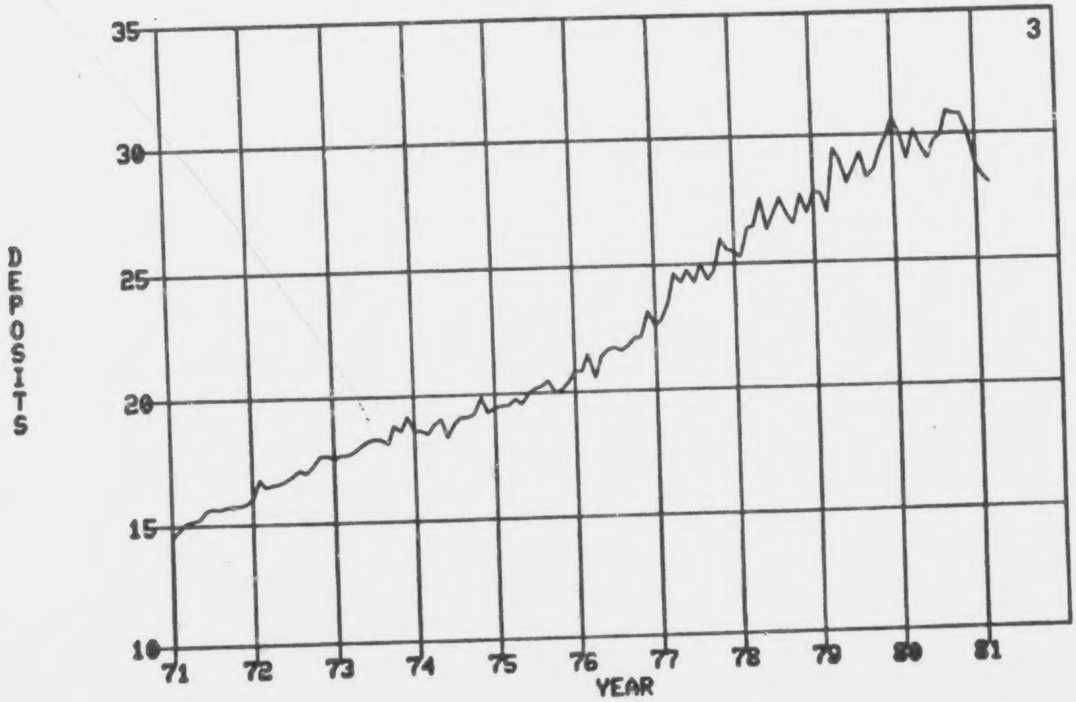
CONSUMER PRICE INDEX, SAN FRANCISCO
ALL URBAN CONSUMERS (1967=100)



CALIFORNIA COMMERCIAL AND INDUSTRIAL LOANS
(IN BILLIONS OF DOLLARS)



CALIFORNIA DEMAND DEPOSITS ADJUSTED
(IN BILLIONS OF DOLLARS)



BASIC DATA FOR CALIFORNIA ECONOMIC SERIES

(Seasonally Adjusted Except as Noted)

	Leading Indicators						
Year and Month	Index of Leading Indicators r/ (1972=100)	Average Weekly Hours, Manufacturing	Nonagricultural Placements Weekly Avg. (thousands)	Initial Claims for Unemployment Insurance Weekly Avg. (thousands)	Overtime Hours Manufacturing	Private Housing Units Authorized	New Business Incorporations
1978							
January	128.3	40.0	11.3	52.0	3.2	17,865	3,510
February	129.8	40.0	11.6	49.8	3.4	19,428	3,950
March	130.4	40.2	11.2	47.8	3.3	20,063	3,710
April	132.5	40.6	10.8	48.9	3.4	19,889	3,578
May	133.1	40.1	10.8	45.7	3.3	21,652	4,113
June	135.7	40.1	10.7	48.5	3.4	39,361	4,326
July	132.7	40.0	10.4	57.7	3.4	17,819	4,063
August	133.8	40.0	10.8	54.7	3.4	14,127	4,037
September	135.2	40.0	10.5	49.4	3.4	16,317	4,258
October	136.8	40.2	10.7	45.1	3.5	17,012	3,871
November	135.6	40.2	10.7	51.4	3.5	17,402	4,466
December	136.2	40.1	10.6	49.7	3.5	18,081	4,249
1979							
January	138.5	40.3	10.4	49.1	3.7	17,607	4,838
February	138.4	40.4	9.0	50.5	3.6	16,492	4,416
March	140.0	40.0	10.9	50.3	3.4	17,517	4,425
April	135.6	38.6	10.8	54.5	2.6	19,611	4,684
May	140.1	39.9	10.2	47.9	3.2	19,011	4,671
June	141.2	39.9	9.6	48.5	3.3	17,440	4,446
July	142.5	40.1	8.6	47.4	3.5	18,113	4,445
August	143.5	40.0	9.7	47.4	3.4	18,606	4,810
September	144.6	39.8	10.0	48.4	3.3	17,596	4,450
October	144.6	40.0	9.5	51.5	3.3	18,027	4,736
November	145.3	39.8	10.2	51.2	3.6	15,262	4,857
December	145.4	40.0	10.0	52.5	3.2	13,130	4,619
1980							
January	145.8	39.6	9.2	56.1	3.2	13,773	4,796
February	148.5	39.6	9.0	54.7	3.1	15,440	5,411
March	145.3	39.7	9.0	58.8	3.2	10,136	4,505
April	142.2	39.6	8.7	59.2	3.0	9,354	4,627
May	139.5	39.5	8.2	61.5	3.0	7,540	4,200
June	140.5	39.4	7.4	61.7	2.7	10,084	3,998
July	142.4	39.3	7.1	60.5	2.8	13,069	4,453
August	144.4	39.4	6.9	57.8	2.9	11,974	4,470
September	147.4	39.5	7.6	58.1	3.0	15,942	4,755
October	148.0	39.3	7.2	55.1	3.0	13,581	5,269
November	151.3	39.6	7.8	54.8	3.1	12,224	4,573
December	151.0	39.7	7.4	58.0	3.2	11,858	5,319
1981							
January	153.8	40.0	8.5	52.3	3.2	10,336	4,903
February	155.6	39.8	8.0	53.2	2.8	11,701	5,363
March	155.2	39.5	8.3	58.4	3.0	10,024	4,926
April	155.2	39.6	7.8	54.0	2.7	13,264	5,226
May	156.7	39.9 r/	8.4	55.4 r/	3.1	10,852	4,618
June	157.0	39.8	8.9	53.4	2.9	9,459	5,336
July	153.8	39.4	8.3	59.3	3.0	8,584	4,871

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

	Coincident Indicators						Other Indicators
Year and Month	Nonagricultural Employment (thousands)	Wages and Salaries in Mining, Manufacturing and Construction (mil dol.)a/	Unemployment Rate	Insured Unemployment Average Weeks Claimed (thousands)	Personal Income (mil dol.)a/	Taxable Sales (mil dol.)b/	Manufacturing Employment (thousands)
1978							
January	8,941.0		7.3	329			1,806.4
February	9,003.0	34,237	7.7	321	189,778	26,320	1,815.3
March	9,069.9		7.8	306			1,824.3
April	9,108.7		7.3	299			1,830.7
May	9,181.0	35,521	7.5	296	194,725	28,170	1,849.2
June	9,230.1		7.2	281			1,867.4
July	9,186.8		7.8	310			1,883.8
August	9,222.9	36,252	6.9	367	201,578	28,904	1,898.5
September	9,285.5		6.6	315			1,908.4
October	9,326.5		6.4	306			1,921.5
November	9,379.2	37,945	6.3	297	208,298	29,866	1,940.3
December	9,411.4		6.5	296			1,951.1
1979							
January	9,494.4		6.7	297			1,970.7
February	9,531.8	40,513	6.5	293	218,056	31,041	1,979.2
March	9,573.8		6.5	297			1,988.1
April	9,557.5		6.2	299			1,989.9
May	9,607.2	41,817	6.0	295	222,834	32,140	1,998.5
June	9,626.4		5.9	276			2,001.3
July	9,680.5		5.9	280			2,009.5
August	9,714.8	42,543	6.2	282	230,967	33,410	2,010.1
September	9,736.8		6.3	284			2,004.2
October	9,782.0		6.2	291			2,021.3
November	9,823.4	43,860	6.0	294	240,209	34,893	2,029.2
December	9,841.4		6.3	305			2,031.4
1980							
January	9,847.7		6.0	308			2,035.2
February	9,914.8	45,943	6.3	319	248,152	35,375	2,038.7
March	9,901.5		6.2	335			2,031.7
April	9,881.1		7.0	346			2,020.7
May	9,852.5	46,034	7.1	356	252,536	34,704	2,003.6
June	9,807.5		7.2	391			1,984.5
July	9,843.4		6.7	403			1,985.1
August	9,852.8	46,027	7.1	402	259,672r/	35,661	1,982.2
September	9,887.9		6.9	423			1,987.2
October	9,938.3r/		7.2	420			2,008.6r/
November	9,933.8r/	49,314r/	7.2	384	272,307r/	36,942	2,003.7r/
December	9,975.6r/		6.6	402			2,011.8r/
1981							
January	10,024.5r/		7.5	338			2,019.2r/
February	10,031.1r/	49,612r/	7.6	361	279,640r/	37,618	2,021.2r/
March	10,031.8r/		7.2	366			2,023.8r/
April	10,032.0r/		7.1	359			2,021.1r/
May	10,041.2r/	50,331	6.5	336	283,911	36,996	2,017.1r/
June	10,023.7		6.7	353			2,005.3
July	10,024.2		7.2	352			1,998.0

BASIC DATA FOR CALIFORNIA ECONOMIC SERIES (Continued)

(Seasonally Adjusted Except as Noted)

Year and Month	Other Indicators									
		Consumer Price Index (1967=100)c/						California Commercial and Industrial Loans (mil dol.)	California Demand Deposits Adjusted (mil dol.)	Electricity Production (mil KWH)
		San Francisco			Los Angeles					
		Wage Earner and Clerical Worker			Wage Earner and Clerical Worker					
	DOD Prime Contracts (mil dol.)b/	Old Series	New Series	All Urban	Old Series	New Series	All Urban			
1978										
January		--	--	--	185.4	185.6	185.5	21,329	25,478	10,056
February	2,381	--	189.5	189.2	185.8	186.8	186.5	21,654	25,240	10,207
March		191.0	--	--	186.9	187.1	187.4	22,265	26,367	10,873
April		--	192.4	192.8	188.9	188.9	189.6	22,395	26,480	10,717
May	2,785	--	--	--	190.9	191.2	191.5	23,779	27,587	11,489
June		196.8	198.7	199.3	193.1	193.0	193.4	23,457	26,345	11,239
July			--	--		194.3	194.3	23,727	27,057	11,079
August	2,662		204.0	204.7		194.7	194.9	24,061	27,550	11,998
September			--	--		196.9	197.3	23,853	26,931	10,825
October			202.6	203.2		197.2	197.8	24,178	26,545	12,545
November	2,737		--	--		197.5	198.1	24,790	27,695	13,202
December			200.4	200.8		197.0	197.1	24,390	26,956	13,933
1979										
January			--	--		199.7	199.6	24,955	27,782	13,498
February	3,053		204.2	203.9		202.3	201.9	25,563	27,761	12,435
March			--	--		204.4	203.8	25,917	27,011	10,402
April			209.3	208.8		208.8	207.8	25,836	29,474	11,829
May	2,424		--	--		212.4	211.0	26,618	29,038	14,132
June			213.7	212.5		214.5	212.9	26,786	28,141	14,539
July			--	--		216.8	214.7	27,380	28,715	13,082
August	3,441		218.6	218.3		219.6	217.5	27,864	29,326	12,442
September			--	--		223.0	220.7	27,517	28,360	12,687
October			220.8	221.5		224.0	221.8	28,191	28,613	12,039
November	3,251		--	--		225.8	224.2	27,628	29,341	12,768
December			229.0	230.2		229.9	228.0	28,396	29,951	12,938
1980										
January			--	--		235.0	232.6	28,763	30,657	12,731
February	3,575		240.0	240.7		240.0	237.6	29,315	29,968	13,310
March			--	--		243.9	241.3	29,691	29,037	12,229
April			242.8	243.5		247.8	244.6	28,967	30,181	12,268
May	3,388		--	--		252.6	249.1	29,091	29,577	10,291
June			247.7	248.0		253.4	250.1	29,203	29,049	9,675
July			--	--		251.5	248.7	29,414	29,714	11,715
August	3,666		251.4	251.0		250.1	247.3	29,979	29,981	12,019
September			--	--		251.6	249.6	30,175	30,939	11,738
October			252.6	251.9		254.9	252.6	30,961	30,809	12,115
November	3,259		--	--		258.4	255.5	31,832	30,802	11,364
December			255.7	254.9		262.2	258.7	32,213	30,041	
1981										
January			--	--		262.7	259.4	32,168	28,806	
February	4,435		261.6	260.5		265.0	261.6	31,730	28,336	
March			--	--		266.5	263.3	31,905	28,066	
April			270.9	270.3		269.1	265.5			
May			--	--		270.7	267.3			
June			274.3	274.0		271.7	267.9			
July			--	--		276.3	272.2			

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a/Quarterly data, annual basis.
b/Quarterly data.
c/Not adjusted for seasonal variation.
r/Revised

2943A

CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national events of general interest have also been included.

1961

February 17-23	National airline strike.
March 9-13	California dock strike by Teamsters.
May 5	Minimum wage legisation signed: $1.15 for 2 years, $1.25 thereafter.
June 16-July 4	National maritime strike. Strike resumed September 28-October 12 against owners of 1/3 West Coast merchant fleet.
August 11	Duty exemption for U.S. travelers returning from abroad cut from $500 to $100.
August 26	American Motors Corporation--UAW profit-sharing pact announced.
September 6-24	UAW-GM strike.
October 3-15	UAW-Ford strike.

1962

January 1	Federal Reserve Board and Federal Deposit Insurance Corporation authorize commercial banks to raise interest rates to 3-1/2 percent on all savings and time deposits of six months or longer, and to 4 percent on deposits of one year or more.
March 16-April 11	West Coast maritime strike.
May 1-June 26	Northern California construction strike. Southern California strike, June 18-27. San Diego strike, June 21-July 10.
May 28	"Blue Monday." Dow Jones Industrial Average dow 34.95 points, sharpest drop since October 28, 1929. Week of May 21-25: average down 38.82, largest one-week decline on record.
July 10	Stock margin requirements cut from 70 percent to 50 percent.
July 11	Revision of depreciation schedules announced by Treasury.

1963

October 18	Commercial bank reserve requirements against time deposits reduced from 5 percent to 4 percent.
June 5	Silver backing for Treasury silver certificates removed to ease pressure on silver prices. Sale of silver from Treasury stockpile started September 12.
July 17	Discount rate raised from 3 percent to 3-1/2 percent.
November 5	Stock margin requirements raised from 50 percent to 70 percent.
November 22	President Kennedy assassinated.

1964

February 26	Federal income tax cut measure signed into law. Reflected in withholding rates effective March 5. Individual tax rates cut from 20 percent to 91 percent range to 14 percent to 70 percent range. Corporation reduction to 48 percent from 52 percent.
September 25-November 8	UAW strike against GM.
November 23	Discount rate increased from 3-1/2 percent to 4 percent.
December 22-24	Northern Calfornia floods.

1965

March 1-23	Strike by steel workers at American and Continental can companies.
June 16-August 7	Northern California construction strike.
June 17-July 19	Southern California construction strike.
August 11-17	Los Angeles riots, Watts area.
December 6	Discount rate raised from 4 percent to 4-1/2 percent.

1965--Continued

December 13	Permitted interest on savings accounts raised from 4-1/2 percent to 5-1/2 percent under Regulation Q.

1966

January 1	Increased social security taxes in effect.
February 8	FHA interest rate raised from 5-1/4 percent to 5-1/2 percent, no change in 1/2 percent loan insurance rate.
March 11	Prime rate raised from 5 percent to 5-1/2 percent in Eastern financial markets.
March 16	Auto excise tax raised from 6 percent to 7 percent.
April 1	Telephone excise tax of 10 percent reinstated.
April 12	FHA interest rate increased from 5-1/2 percent to 5-3/4 percent.
May 1	Increased withholding tax rates in effect.
June 30	Prime rate raised from 5-1/2 percent to 5-3/4 percent in New York, Chicago.
July 8-August 20	Airline strike.
August 16	Prime rate up to 6 percent, Eastern cities.
October 3	FHA interest rate raised from 5-3/4 percent to 6 percent.
October 10	Suspension of 7 percent investment credit and accelerated depreciation allowance.

1967

January 26	Prime rate lowered from 6 percent to 5-1/2 percent.
February 1	Minimum wage increased to $1.40 from $1.25 per hour.
March 9	Investment tax credit and accelerated depreciation allowance reinstated.
April 7	Discount rate lowered from 4-1/2 percent to 4 percent.

1967--Continued

April 21-July 26	Rubber strike.
July 15-March 20, 1968	Copper strike.
August 30	Steel price rises announced.
September 6-October 25	UAW strike against Ford.
November 20	Discount rate raised from 4 percent to 4-1/2 percent. Prime rate increased from 5-1/2 percent to 6 percent.
December 15	Los Angeles (Herald Examiner) newspaper strike.
December 27	Increase of 1/2 percent in reserve requirements announced. Effective in two stages during January 1968.

1968

January 1	Wage base for social security contributions raised from $6,600 to $7,800.
January 5-February 25	San Francisco newspaper strike.
February 1	Minimum wage increased to $1.60 from $1.40 per hour.
March 1	Increase in social security benefit payments, averaging 13 percent.
March 15	Discount rate raised from 4-1/2 percent to 5 percent. San Francisco increase effective March 18; New York up March 22. Highest level since 1929.
March 15-April 1	Trading in London gold market suspended. Two-price system for gold effective March 18 by London gold pool countries.
April 1	Personal income tax surcharge. See June 28.
April 1-June 13	San Francisco area machinists and electrical workers strike.
April 19	Discount rate raised to 5-1/2 percent. Prime rate increased from 6 percent to 6-1/2 percent.
May 7	FHA interest rate raised from 6 percent to 6-3/4 percent.
May 16	UAW suspended from AFL-CIO.

1968--Continued

June 8	Stock margin requirements raised from 70 percent to 80 percent.
June 28	Tax surcharge and $6 billion Federal spending cut legislation signed by President Johnson. 10 percent surcharge retroactive to April 1 for individuals, January 1 for corporations.
July 15	Increased personal income tax withholding in effect.
August 16-29	Federal reserve discount rate lowered from 5-1/2 percent to 5-1/4 percent.
September 25	Prime rate lowered from 6-1/2 percent to 6 percent by Chase Manhattan. (Subsequent reduction by other banks to 6-1/4 percent. Chase Manhattan rate raised to 6-1/4 percent effective November 13.)
December 2	Prime rate raised from 6-1/4 percent to 6-1/2 percent.
December 18	Federal Reserve discount rate raised from 5-1/4 percent to 5-1/2 percent. Prime rate raised from 6-1/2 percent to 6-3/4 percent.

1969

January 1	Social security contribution rate increased to combined 9.6 percent.
January 7	Prime rate raised from 6-3/4 percent to 7 percent.
January 24	FHA interest rate raised from 6-3/4 percent to 7-1/2 percent.
March 17	Prime rate raised from 7 percent to 7-1/2 percent.
April 3	Discount rate raised from 5-1/2 percent to 6 percent; reserve requirement raised.
June 9	Prime rate raised from 7-1/2 percent to 8-1/2 percent.
June 12	Required liquidity reserves of savings and loan associations lowered from 6-1/2 percent to 6 percent.

1970--Continued

October 27-February 1970	General Electric strike.

1970

January 1	Personal income tax surcharge reduced to 5 percent. Withholding cut.
January 5	FHA interest rate raised from 7-1/2 percent to 8-1/2 percent.
January 21	Increased schedule of interest rates on time deposits and certificates of deposit in effect.
March 25	Prime rate reduced from 8-1/2 percent to 8 percent.
April 2-June 2	Teamster strike.
May 6	Stock margin requirement cut from 80 percent to 65 percent.
July 1	Personal income tax surcharge removed.
September 14-November 23	UAW strike against GM.
September 22	Prime rate reduced from 8 percent to 7-1/2 percent.
November 10	Discount rate reduced from 6 percent to 5-3/4 percent.
November 12	Prime rate reduced from 7-1/2 percent to 7-1/4 percent.
November 23	Prime rate reduced from 7-1/4 percent to 7 percent.
December 1	Discount rate reduced from 5-3/4 percent to 5-1/2 percent. FHA interest rate reduced from 8-1/2 percent to 8 percent.
December 20	13-week extended duration unemployment benefits in effect.
December 22	Prime rate reduced from 7 percent to 6-3/4 percent.

1971

January 6	Prime rate reduced from 6-3/4 percent to 6-1/2 percent.

1971--Continued

January 8	Discount rate reduced from 5-1/2 percent to 5-1/4 percent.
January 12	FHA interest rate reduced from 8 percent to 7-1/2 percent.
January 15	Prime rate reduced from 6-1/2 percent to 6-1/4 percent.
January 18	Prime rate reduced from 6-1/4 percent to 6 percent.
January 19	Discount rate reduced from 5-1/4 percent to 5 percent.
February 4	Rolls Royce bankruptcy announced.
February 9	Los Angeles earthquake.
February 12	Discount rate reduced from 5 percent to 4-3/4 percent.
February 16	Prime rate reduced from 6 percent to 5-3/4 percent.
February 23	Davis Bacon Act regulating construction wages on Federal projects suspended. Suspension revoked on March 29. Wage-price curbs ordered.
March 16	Prime rate reduced from 5-3/4 percent to 5-1/2 percent.
March 17	Social security bill signed. Benefits raised 10 percent, retroactive to Jaunary 1, 1971. Contribution base raised to $9,000 effective January 1, 1972.
March 25	SST program terminated.
April 1	Interest rates on savings accounts in California banks generally reduced from 4-1/2 percent to 4 percent.
April 23	Prime rate raised from 5-1/4 percent to 5-1/2 percent.
May 1	Liquidity ratio for savings and loan associations raised from 6-1/2 percent to 7-1/2 percent.
May 17-18	Rail strike.
June 1-July 27	Communications workers strike against Western Union.

1971--Continued

June 15-21	Prime rate increased from 5-1/2 percent to 5-3/4 percent. General rise to 6 percent on July 7.
June 29-July 16	Northern California construction strike.
July 1-October 6	West Coast dock strike.
July 14-August 2	Telephone strike.
July 15	Discount rate raised from 4-3/4 percent to 5 percent.
July 16-August 2	Rail strike.
July 31	Steel strike averted by accord on contract.
August 2	Lockheed loan guarantee approval.
August 3	Teamsters walkout in Northern California against building contractors.
August 15-November 13	President's economic policy message; 90-day wage-price freeze in effect.
October 1	East and Gulf Coast longshoremen's strike.
October 20	Prime rate reduced from 6 percent to 5-3/4 percent. Further reduction to 5-1/2 percent on November 4.
November 11	Discount rate reduced from 5 percent to 4-3/4 percent.
November 14	Phase II of NEP in effect.
December 6	Stock margin requirements cut from 65 percent to 55 percent.
December 10	Revenue Act of 1971 signed into law.
December 13	Discount rate reduced from 4-3/4 percent to 4-1/2 percent. Prime rate lowered from 5-1/2 percent to 5-1/4 percent.*
	Intent to devalue U.S. dollar announced.

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* Adoption of a floating prime rate in November 1971 has resulted in frequent minor adjustments in the rate. Information on the range of rates at any one time and the rate charged by the majority of commercial banks may be obtained from the Federal Reserve Bulletin.

1972

January 17-February 20	West Coast dock strike continued.
February 1-March 15	Kaiser Steel Company strike.
July 1	20 percent increase in social security benefits signed into law. Effective September.
September 11	Opening of BART Fremont-Oakland line.
September 21	"Friends of Mammoth" decision.
November 24	Stock margin requirements raised to 65 percent.

1973

January 11	Phase III of NEP in effect.
January 15	Discount rate raised from 4-1/2 percent to 5 percent.
January 27	Viet Nam cease fire signed.
January 29	Opening of BART Richmond-Oakland line.
February 12	10 percent devaluation of U.S. dollar announced.
March 2	Major foreign currency exchanges closed.
March 29	Price controls of meat announced.
April 9-13	Consumer meat boycott.
April 23	Discount rate raised from 5-1/2 percent to 5-3/4 percent.
May 10	Discount rate raised from 5-3/4 percent to 6 percent.
June 11	Discount rate raised from 6 percent to 6-1/2 percent.
June 14	60-day price freeze announced.
July 2	Discount rate raised from 6-1/2 percent to 7 percent. Increased reserve requirement on net demand deposits.
July 6	Interest rates increased: FHA mortgage rate: 7 percent to 7-3/4 percent; bank savings rate: 4-1/2 percent to 5 percent; savings and loan rate: 5 percent to 5-1/4 percent.

1973--Continued

July 18	Phase IV announced.
August 27	Prime rate at 9-3/4 percent in major institutions.
October 17	Arab nations announce reductions in oil shipment.
November 5-December 18	TWA strike.

1974

January 3	Stock margin requirements cut from 65 percent to 50 percent.
February 1-11	Independent truckers strike, midwest and east coast.
February 15	Prime rate reduced to 9 percent.
February 22	Prime rate reduced to 8-3/4 percent.
March 4	California minimum wage increased to $2.00 per hour from $1.65.
March 18	Arab oil embargo lifted.
March 27	Prime rate increased to 9 percent from 8-3/4 percent.
March 28	Prime rate further increased to 9-1/2 percent.
April 25	Federal Reserve raised discount rate to 8 percent from 7-1/2 percent.
April 29	Prime rate up to 10-3/4 percent.
April 30	Phase IV controls lifted in approximately 165 sectors of the economy.
June 17-August 4	San Diego construction strike.
June 17-July 21	Northern California construction strike.
July 1-Mid-August	Southern California construction strike.
July 1	Transit strikes, San Francisco Bay Area.
August 2-October 21	Los Angeles area transit strike.
August 8	Resignation of President Nixon announced.

CHRONOLOGY--Continued

1974--(Continued)

August 14	FHA mortgage rate raised to 9-1/2 percent. Prime rate reduced from 12 percent to 11-3/4 percent on limited basis. Prevailing rate on date of major changes: October 21....11 1/2 percent October 28....11 1/4 percent November 4....11 percent November 14...10 3/4 percent November 25...10 1/2 percent
October 8	Prime rate reduced from 12 percent to 11-3/4 percent by several more large banks.
November 12-December 9	Coal strike.
December 9	Discount rate reduced from 8 percent to 7-3/4 percent.

1975

January 6	Federal Reserve discount rate cut from 7-3/4 percent to 7-1/4 percent.
January 10	Oil Chemical Atomic Workers Union strike.
January 13	Prime rate reduced to 10 percent. Further major cuts as follows: Jannuary 21.....9 3/4 percent January 31......9 percent February 6......8 3/4 percent February 19.....8 1/2 percent March 3.........8 1/4 percent March 8.........8 percent
January 21	FHA mortgage rate reduced from 9 percent to 8-1/2 percent.
February 5	Federal Reserve discount rate cut from 7-1/4 percent to 6-3/4 percent.
March 10	Federal Reserve discount rate cut from 6-3/4 percent to 6-1/4 percent.
March 24	Prime rate reduced to 7-1/2 percent by most major banks.
March 25	King Faisal assassinated.
March 29	Tax reduction act signed into law.
May 19	Prime rate reduced to 7-1/4 percent by several major banks.
June 10	Prime rate reduced to 7 percent by most banks.

1975--Continued

July 18	Prime rate increased to 7-1/4 percent. Further gains as follows: July 25.........7-1/2 percent August 11.......7-3/4 ercent September 15....8 percent
September 1	National Airlines strike.
October 16	Reserve requirement on time deposits reduced from 3 percent to 1 percent.
October 24	Prime rate reduced to 7-3/4 percent. Further reductions as follows: October 31......7-1/2 percent November 21.....7-1/4 percent
December 5-19	United Airlines strike.

1976

January 12	Prime rate lowered to 7 percent.
January 19	Federal Reserve discount rate lowered from 6 percent to 5-1/2 percent.
January 21	Prime rate reduced to 6-3/4 percent.
April 1-3	Teamsters strike.
April 9-June 4	Prime rate moving upward, 6-3/4 percent to 7-1/4 percent at most major banks.
April 21	Rubber workers strike.
July 20-August 2	Cannery workers strike.
August 2	Prime rate reduced to 7 percent. Further reductions as follows: October 4.......6-3/4 percent October 29......6-1/2 percent December 10.....6-1/4 percent
September 15-October 13	Auto workers strike.
October 18	California minimum wage raised to $2.50 per hour.
December 22	Prime rate reduced to 6 percent by Chase Manhattan Bank. Most banks maintain a prime rate of 6-1/4 percent.

1977

May 16	Prime rate raised to 6-1/2 percent.

CHRONOLOGY--Continued

1977--Continued

May 31	Prime rate raised to 6-3/4 percent.
August 22	Prime rate raised to 7 percent.
August 30	Federal Reserve discount rate raised from 5-1/4 percent to 5-3/4 percent, the first increase since April 1974.
September 16	Prime rate raised to 7-1/4 percent.
October 1-November 24	Longshoremen's strike against East and Gulf Coast ports.
October 7	Prime rate raised to 7-1/2 percent.
October 10-January 4	IAM-Lockheed strike.
October 24	Prime rate raised from 7-1/2 percent to 7-3/4 percent.
October 26	Discount rate raised from 5-3/4 percent to 6 percent.
December 6-March 24	United Mine Workers strike.

1978

January 1	U.S. minimum wage increased to $2.65 per hour.
January 9	Discount rate raised from 6 percent to 6-1/2 percent.
January 10	Prime rate raised to 8 percent.
February 28	FHA mortgage rate raised from 8-1/2 percent to 8-3/4 percent.
April 1	California minimum wage increased from $2.50 to $2.65 per hour.
April 1-May 28	United Airlines strike.
May 4	Prime rate raised from 8 percent to 8-1/4 percent.
May 8	California savings and loan assocations raised mortgage rates from 9-3/4 percent to 10 percent.
May 12	Discount rate raised to 7 percent.

1978--Continued

May 23	Federal funds rate increased to 7-1/2 percent. FHA-VA mortgage rate raised from 8-3/4 percent to 9 percent.
May 26	Prime rate raised from 8-1/4 percent to 8-1/2 percent.
June 6	Proposition 13 approved by California voters.
June 16	Prime rate raised to 8-3/4 percent.
June 20	OPEC announced a freeze on crude oil prices until December 16.
June 22	Federal funds rate raised from 7-1/2 percent to 7-3/4 percent.
June 29	FHA-VA mortgage rate raised to 9-1/2 percent.
June 30	Prime rate raised to 9 percent.
July 10	Discount rate raised to 7-1/4 percent.
July 18	Teamsters union strike affecting supermarkets throughout Northern California.
August 20	Retail clerks union strike in Southern California.
August 21	Discount rate raised to 7-3/4 percent.
August 29	Federal funds rate raised from 8-1/8 percent to 8-1/4 percent.
August 31	Prime rate raised by some eastern banks from 9 percent to 9-1/4 percent.
September 15	Prime rate raised to 9-1/2 percent.
September 22	Discount rate raised from 7-3/4 percent to 9-3/4 percent.
September 28	Prime rate raised from 9-1/2 percent to 9-3/4 percent.
October 12	Prime rate raised from 9-3/4 percent to 10 percent.

CHRONOLOGY--Continued

1978--Continued

October 15	Tax cut and energy bills passed by Congress.
October 16	Discount rate raised from 8 percent to 8-1/2 percent.
October 18	Federal funds rate raised from 8-3/4 percent to 8-7/8 percent.
October 24	Prime rate raised from 10 percent to 10-1/4 percent.
	California mortgage rates raised from 10 percent to 10-1/4 percent at several savings and loan institutions.
October 24	Phase II announced: voluntary guidelines on wages and prices.
November 1	Discount rate raised from 8-1/2 percent to 9-1/2 percent.
	Prime rate raised to 10-1/2 percent.
November 3	Prime rate raised from 10-1/2 percent to 10-3/4 percent.
November 13	Prime rate raised from 10-3/4 percent to 11 percent.
November 24	Prime rate raised to 11-1/2 percent.
November 27	Federal funds rate raised from 9-3/4 percent to 9-7/8 percent.
December 4	Rollover for 6-month certificates of deposit (CDs) began this week.
December 19	Federal funds rate raised to 10 percent.
December 20	Prime rate raised to 11-3/4 percent.

1979

January 1	U.S. minimum wage increased to $2.90 per hour.
January 13	Prime rate reduced to 11-1/2 percent.
March 15	Terms for MMCs changed. 1/4 point differential over 9 percent eliminated.

1979--Continued

March 27	OPEC price increases: 9 percent. Selected surcharges imposed.
March 31	United Airlines-machinist strike.
April 1-10	Teamsters strike.
May 7	Prime rate moved to 11-3/4 percent from 11-1/2 percent.
May 19	Federal funds rate set at 7-1/4 percent.
May 26	United Airlines strike ended.
May 30	Interest rate on conventional mortgages raised to 11-3/4 percent.
June 12	Prime rate reduced to 11-1/2 percent.
July 1	Interest rates on passbook accounts up to 5.5 percent at Savings and Loans and 5.25 percent for banks.
July 20	Discount rate raised from 9-1/2 percent to 10 percent.
August 16	Discount rate raised to 10-1/2 percent.
August 24	Federal funds rate raised from 11 percent to 11-1/4 percent.
August 26-September 10	Los Angeles Rapid Transit District strike.
August 28	Prime rate raised from 12 percent to 12-1/4 percent.
August 31-November 21	BART strike.
September 4	Federal funds rate raised from 11-1/percent

1980

February 25	Prime rate raised to 16-1/2 percent.
February 27	Ceilings on interest rates for government backed mortgages raised to 13 percent.
February 29	Prime rate raised to 16-3/4 percent.

	1980--Continued
March 4	Prime rate raised to 17-1/4 percent.
March 7	Prime rate raised to 17-3/4 percent.
March 13	Prime rate raised to 18-1/4 percent.
March 14	Announcement of tighter fiscal policies.
March 18	Prime rate raised to 19 percent.
April 2	Prime rate raised to 20 percent.
April 3	FHA mortgages raised to 14 percent.
April 20	Prime rate reduced to 19-1/2 percent.
April 28	FHA mortgages reduced to 13 percent.
	Prime rate reduced to 18-1/2 percent.
May 5	Prime rate reduced to 18 percent.
May 7	Prime rate reduced to 17 percent.
May 12	Prime rate reduced to 16-1/2 percent.
May 19	Prime rate reduced to 16 percent.
May 28	Discount rate lowered to 12 percent from 13 percent.
June 4	Prime rate reduced to 13 percent.
June 12	Discount rate lowered to 11 percent. Prime rate reduced to 12-1/2 percent.
June 20	Prime rate reduced to 12 percent.
June 24	Prime rate reduced to 11-1/2 percent. Some conventional mortgage rates fell to 12 percent.
June 25	Carpenters strike in Northern California ended.
July 3	ICC begins trucking industry deregulation.
July 21	Motion picture and television industry strike.
	1980--Continued
July 22	Prime rate reduced to 11 percent.
July 25	Prime rate reduced to 10-3/4 percent.
July 28	Discount rate reduced to 10 percent.
August 5	Prime rate raised to 11 percent.
August 27	Prime rate raised to 11-1/2 percent.
September 5	FHA mortgage interest rate raised from 11-1/2 to 12 percent.
September 12	California morgage rate raised from 13-1/2 percent to 13-3/4 percent.
September 25	Pacific Southwest Airlines (PSA) pilots strike begins.
September 26	Discount rate raised from 10 to 11 percent. Prime rate raised from 12-1/2 percent to 12-3/4 percent.
October 2	Prime raised from 13 to 13-1/2 percent.
October 3	Prime raised to 14 percent.
October 15	AFTA workers return to work.
October 23	Screen Actors Guild strike ends.
October 30	Prime raised from 14 to 14-1/2 percent.
November 7	Prime raised from 14-1/2 to 15-1/2 percent.
November 14	PSA pilots strike ends.
November 17	Prime raised to 16 1/4 percent. Discount rate raised from 11 to 12 percent.
November 21	Prime raised to 17 percent.
November 28	Prime raised to 17-3/4 percent.
December 3	Prime raised from 17-3/4 to 18-1/2 percent.
December 5	Discount rate raised from 12 to 13 percent. Prime raised to 19 percent.
December 11	Prime raised to 20 percent.
December 17	Prime raised from 20 to 21 percent.

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CHRONOLOGY--Continued

1980--Continued

December 23	Prime lowered from 21 to 20-1/2 percent.

1981

January 1	Minimum wage raised from $3.10 to $3.35.
January 6	Prime lowered to 20 percent.
January 20	American hostages released from Iran. Ronald Reagan inaugrated as 40th President of the U.S.
January 28	Deregulation of oil and gas industry announced, effective immediately.
January 29	Prime rate lowered to 19-1/2 percent from 20 percent.
February 16	General Motors and Ford rebate plans announced.
February 23	Prime rate lowered to 18 percent.
March 2	Prime rate lowered to 18-1/2 percent.
March 10	Prime rate lowered to 18 percent.
March 16	Prime rate lowered to 17-1/2 percent.
March 18	Prime rate lowered to 17 percent.
March 26	United mine workers strike.

1981--(Continued)

April 13	Prime rate raised to 17-1/2 percent.
April 29	Prime rate raised to 18 percent.
May 4	Prime rate raised to 19 percent.
May 5	Discount rate raised from 13 percent to 14 percent.
May 8	FHA-VA rate up to 15-1/2 percent from 14-1/2 percent.
May 11	Prime rate raised to 19-1/2 percent.
May 22	Prime rate raised to 20 percent.
May 27	OPEC fails to agree on a uniform price schedule. OPEC officials freeze prices at current level.
June 5	Dollar reaches highest level in international trading since December 1971.
June 8	Coal miners end 72 day strike and ratify a 40-month contract.
July 8	Prime rate raised to 20-1/2 percent.
August 3	Air traffic controller's strike.
August 14	President Reagan signs both the tax- and budget-cut bills into law.

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SOURCES OF STATISTICAL SERIES

Employment Development Department Employment Data and Research	Civilian employment Unemployment Unemployment rate Nonagricultural employment Manufacturing employment Hours and earnings Nonagricultural placements Initial claims for unemployment insurance Insured unemployment Index for production worker man-hours
Department of Industrial Relations Division of Labor Statistics and Research	California consumer price index
Department of Finance	Personal income Wages and salaries Index of leading indicators
Department of Motor Vehicles	New auto registrations
State Board of Equalization	Taxable sales
Security Pacific National Bank	Housing units authorized Valuation of nonresidential construction
U.S. Department of Commerce	Retail sales
U.S. Bureau of Labor Statistics	Consumer price indices
U.S. Department of Defense	Prime defense contracts
Federal Power Commission	Electricity production
California Redwood Association	Lumber production
Conservation Committee of California Oil Producers	Petroleum production
American Iron and Steel Institute	Steel production
U.S. Bureau of Mines	Cement production
Dun and Bradstreet	Business failures and liabilities
California Secretary of State	New business incorporations
Federal Reserve Bank of San Francisco	Demand deposits Commercial and industrial loans

REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854 -

Initial trough	Peak	Terminal trough	Expansion (months)	Contraction (months)	Total (months)
Dec. 1854	June 1857	Dec. 1858	30	18	48
Dec. 1858	Oct. 1860	June 1861	22	8	30
June 1861	April 1865	Dec. 1867	46	32	78
Dec. 1867	June 1869	Dec. 1870	18	18	36
Dec. 1870	Oct. 1873	March 1879	34	65	99
March 1879	March 1882	May 1885	36	38	74
May 1885	March 1887	April 1888	22	13	35
April 1888	July 1890	May 1891	27	10	37
May 1891	Jan. 1893	June 1894	20	17	37
June 1894	Dec. 1895	June 1897	18	18	36
June 1897	June 1899	Dec. 1900	24	18	42
Dec. 1900	Sept. 1902	Aug. 1904	21	23	44
Aug. 1904	May 1907	June 1908	33	13	46
June 1908	Jan. 1910	Jan. 1912	19	24	43
Jan. 1912	Jan. 1913	Dec. 1914	12	23	35
Dec. 1914	Aug. 1918	March 1919	44	7	51
March 1919	Jan. 1920	July 1921	10	18	28
July 1921	May 1923	July 1924	22	14	36
July 1924	Oct. 1926	Nov. 1927	27	13	40
Nov. 1927	Aug. 1929	March 1933	21	43	64
March 1933	May 1937	June 1938	50	13	63
June 1938	Feb. 1945	Oct. 1945	80	8	88
Oct. 1945	Nov. 1948	Oct. 1949	37	11	48
Oct. 1949	July 1953	May 1954	45	10	55
May 1954	Aug. 1957	April 1958	39	8	47
April 1958	April 1960	Feb. 1961	24	10	34
Feb. 1961	Dec. 1969	Nov. 1970	106	11	117
Nov. 1970	Nov. 1973	March 1975	36	16	52
March 1975	Jan. 1980		58		